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Life Insurance Edition

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The NATIONAL UNDERWRITER

59th Year, No. 44
November 4, 1955

The National Weekly Newspaper of Life Insurance

Elect C. E. Carlson New President of Selection Men

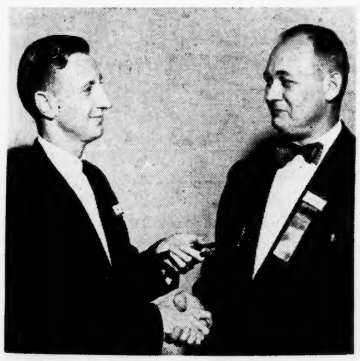
Succeeds Renn at IHOU Annual in Louisville; Duston Executive V-P

Institute of Home Office Underwriters elected C. Edwin Carlson, Continental Assurance, president at its annual meeting in Louisville, one of the best attended conventions in the organization's history. He replaces James D. Renn, Peninsular Life.

John F. Duston, Equitable of Iowa, was named executive vice-president; T. Bertram Anderson Jr., Connecticut General Life, vice-president and editor, and Charles A. Will, Guardian Life, secretary.

Named to the executive committee were I. A. Dryden Jr., Amicable Life; W. W. Edwards, Capitol Life of Denver; A. C. Miles, Union Life of Virginia; J. H. B. Peay Jr., Life of Virginia; I. M. Spear, State Farm Life; F. T. West, Kentucky Central L. & A.; Douglas Wood, General American Life, and Mr. Spear.

In his presidential report, Mr. Renn emphasized that the home office underwriter has several publics to serve, the general public, the field force and the home office staff. In all dealings, the selection man should be guided by the objective of "providing more insurance coverage on the most equitable basis possible," he said. The goal should be to approve as many applications as is possible, as promptly as possible, and as economically as possible and still show a satisfactory mortality.



James D. Renn, Peninsular Life, outgoing president of Institute of Home Office Underwriters, shown with his successor, C. Edwin Carlson, Continental Assurance.

Mr. Renn urged selection men to accept speaking engagements before life underwriter association meetings, noting this is a way to foster good public relations with agents. Many producers are not familiar with the intricacies of home office underwriting, and explanation of them can do much to improve harmony of relations, he concluded.

Following the welcome address by Morton Boyd, president of Common-

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JOINT GROUP MEETS

Expect Ad Code for A&H Business to Be Released Soon

Prospects are good that the proposed advertising code for the entire A&H business soon will be unveiled to the public. Representatives of the A&H business and of National Assn. of Insurance Commissioners met at Chicago Monday to discuss the code and there was sufficient alignment of viewpoints to generate optimism that no snags will develop to prevent submission of the code to NAIC at its New York City meeting the end of this month.

Pansing of Nebraska, head of the NAIC subcommittee handling the matter, presided at the meeting attended by all subcommittee members or their representatives, and their was a 100% turnout from industry quarters.

The proposed code is now before the federal trade commission for its informal consideration to help staff members crystalize their views. Parts of it also are being refined by the NAIC-industry group.

A meeting tentatively has been scheduled at Washington for Nov. 8 between subcommittee members and representatives of FTC, at which suggestions of the latter will be discussed. It is hoped that shortly after this meeting the code will be released to the public. Present plans call for a public hearing on the code at New York City Nov. 26, the Saturday preceding the NAIC midyear convention. Anyone with an interest in the code will be invited.

President Paul Watt of Washington National is chairman of the subcommittee which drafted the proposed code. One of the principles of implementation would be the requirement of its adoption by the A&H trade associations as one of their requisites of membership. On the administration and enforcement side, the code would have each company's board adopt it by resolution. Implementation in each state would be either by a special law or under a broader law providing for general supervision.

Variable Annuity May Be Factor in Getting New Life Company Tax

WASHINGTON—In their effort to eliminate what they contend is favored income-tax treatment of life companies, some securities dealers are threatening to oppose efforts to get the life insurance income-taxation law revised unless it embodies special treatment for variable annuities that will put them on no more favorable a basis than mutual funds and common stocks sold direct to the buyer.

While securities dealers are opposed to variable annuities, Ferd Nauheim of this city, who services mutual funds in public relations matters, says he has recommended his clients not fight variable annuities. He believes the latter will actually help investment people.

Prospects for the life insurance company income tax bill passed by the house and tied up with the Senate finance committee were reviewed at a meeting here of the joint committee on taxation of American Life Convention, Life Insurance Assn. of America and Life Insurers Conference. No conclusions were reached.

N. E. Life Cuts Rates; Increases Dividends

New England Mutual Life has reduced the rates on its ordinary life policy issued in amounts of $5,000 or more. The reductions are graded from 12 cents per $1,000 at age five up to $12.03 per $1,000 at age 70.

A reduction of $1.50 per $1,000 has been made in the gross premiums on all applications for five and 10-year renewable and convertible term policies. There is a reduction in gross premium of 50 cents per $1,000 on nonrenewable term policies, excluding decreasing term, term to 65 and term riders.

The dividend scale has been increased on all policies in force. CSO and American experience policyholders will share equitably in increased dividend allocations. The board has voted $27,020,000 for distribution in 1956, compared to $23.2 million in 1955.

Successful investment operations, continued favorable mortality experience, and over-all company efficiency make the changes possible, according to President O. Kelley Anderson.

Henry Beers to Be President of Aetna Life Companies

Morgan B. Brainard to Be Named Chairman at 1956 Annual Meeting

HARTFORD—Morgan B. Brainard, president of the Aetna Life group since 1922, will retire next February as president and will be elected to the newly created position of chairman.

Henry S. Beers, vice-president of Aetna Life, will succeed Mr. Brainard as president.

Mr. Brainard and Mr. Beers will share responsibility for the over-all policy of the companies.

Some months ago Mr. Brainard advised the group's executive committee that the time had come for him to retire as president. The executive committee recently recommended to the directors that Mr. Beers be elected at the annual meeting next February to succeed Mr. Brainard as president of Aetna Life and Aetna Casualty. Last Friday the directors adopted the recommendations.

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"It is the present intention to amend the by-laws of the companies as permitted by the companies' charters to enlarge the present boards of directors by the election at the annual meetings of the stockholders to be held on Feb. 14, 1956, of a class of five directors and to nominate Mr. Beers at that time for election to the boards," a statement released after the boards' meeting Friday said.

"Mr. Beers would be elected president of the companies at the organization meetings of the directors, which are usually held the same day."

By electing a group of five directors at the annual meetings next February, the boards of directors of Aetna Life and Aetna Casualty will be increased from 13 to 14 members.

Mr. Beers was born in New Haven, graduated from Trinity college in 1918, and has been connected with Aetna Life since 1923. He was appointed an assistant actuary in 1924, associate actuary in 1925 and a vice-president in 1937, and has lately been in charge of the activities of the group division under E. E. Cammack, vice-president and actuary.

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Mr. Beers is a fellow of the Society of Actuaries, has served as its vice-president and on various committees. He is a member of its board of governors and is a member of the joint group insurance committee of Life Insurance Assn. of America and American Life Convention. He has appeared before Congressional and state legislative bodies on behalf of life insurance and group insurance on many occasions, and has spoken many times before insurance associations. He is a member of the Connecticut advisory council on unemployment compensation, and is

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Late News Bulletins . . .

Equitable Alters N. Y. City Regional Setup

Equitable Society has transferred its New York metropolitan department to the general supervision of field Vice-President Ralph M. Thykeson and has appointed Howard E. O'Malley as the region's superintendent of agencies. The New York metropolitan department includes 21 agencies in New York City, Long Island and Northern New Jersey. It was headed by Joseph L. Beesley until his recent appointment as senior vice-president. Mr. Thykeson retains overall jurisdiction of the northeastern department comprising New England, upstate New York, Pennsylvania and Delaware. Mr. O'Malley joined Equitable in 1913.

Travelers Names Three Assistant Secretaries

Travelers has appointed William M. Finn, Adolph R. Wolff and Louis M. Miner assistant secretaries in the group department. Mr. Finn joined the company in 1921 and was named chief underwriter in 1929. Mr. Wolff joined in 1923 and was appointed chief underwriter in 1947. Mr. Miner joined in 1924.

Step-by-Step Procedure Given for Sale Utilizing '54 Revenue Code's Advantages

The 1954 revenue code knocked out the favorite objection of the wealthy prospect to buying life insurance—that a substantial part of it would have to be paid to the government as taxes on the life insurance itself. But solving the problem of how to make new and existing policies tax-free quickly led most agents into such a maze of related practical and tax problems that many of them lost their enthusiasm and concluded there was no bonanza for them in the new code. However, at the 1955 Million Dollar Round Table meeting, Edwin G. Davies, Manufacturers Life, Los Angeles, showed his audience a path through the maze. Here is how he outlined the problem and its solution:

The problem: To pinpoint the problem the following are the points we want to accomplish:

1. In order to make new or old life insurance tax free the policies must be owned by someone other than the insured and there must be for all practical purposes no chance that the ownership will revert to the insured.

2. During the lifetime of the insured when premiums are paid it is important that the annual gift tax exemptions be available.

3. Upon the death of the insured the proceeds of the policies should be within reach of the executors of the insured to be used for the payment of estate and inheritance taxes if the insurance was provided to prevent forced liquidation of the estate assets to meet these taxes.

The solution to these problems should be considered under two main headings: (1) the large estate; (2) the small estate; and the subheadings in each case that we are dealing with (a) old insurance; (b) new insurance. Finally, do we have a family including minor children or have children attained their majority?

1. Let us take the large estate:

Here in most cases the life insurance is needed to pay estate and inheritance taxes.

The solution can disregard the ages of the children and this plan should secure thousands of dollars for you because you can approach the wealthiest client with a tax-free insurance solution to his estate tax problem—a solution free from practical and tax dilemmas.

Old and new policies are dealt with in the same manner. Old insurance is already in force. New insurance can be applied for by the insured on his own life or by his wife or adult children if they exist. Once the new insurance is issued, it and the old insurance are dealt with as follows:

The owner of the policies—let us assume that it is the insured himself—will have his attorney draw a trust which will be immediately executed.

The trust plan will follow the terms of the insured's will, probably making use of the same trustees as are appointed under the will.

Then two steps are taken in connection with the insurance contracts:

Step No. 1. The owner of the policy or policies will make this trust the beneficiary of the policy or policies.

Note this important point: The policies are not assigned to this trust. The trust is merely made the beneficiary of the contracts.

The trustees will have no rights in connection with the contracts during the lifetime of the insured.

The purpose of the trust is limited to receiving the proceeds of the policies upon the death of the insured.

The trust is not named irrevocably. Any owner or future owner of the contract can cancel this beneficiary designation during the insured's lifetime.

Step No. 2. The owner of the contract or contracts will then assign them to the insured's wife or to the insured's children.

The policies will be assigned to the children where it is important to keep the proceeds upon the death of the insured from being taxed upon the wife's death, and assignment to the children is the usual procedure in the large estate cases.

When there is more than one child, each policy should first be replaced by as many contracts as there are children to whom the policy is to be assigned. This is accomplished by merely dividing the old contract into several contracts.

These contracts are then made payable to the trust following our procedure in step No. 1., and then one policy is assigned to each child following step No. 2.

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The child's issue are named contingent owners of the contract assigned to each child; and if no issue survive, the child's brothers and sisters are contingent owners.

Where minor children are to be the new owners of the policies assigned to them, a guardian should be appointed who is not related or subordinate to the insured.

The trust instrument actually creates several separate trusts, one trust being created for each child or the issue of a child who predeceases the insured.

The income from each trust is paid to the child or the child's issue for whom it was created. The distribution of principal to the child follows the terms of the insured's will.

A clause in the trust to take care of the mechanics of allocating the insurance proceeds to the proper trust could read as follows:

"If the proceeds of any life insurance contract are received by the trustees of the trusts created hereunder said proceeds shall be allocated to the trust provided hereunder for the child and issue of the child who during the lifetime of the insured possessed the legal incidents of ownership in the insurance contract from which these proceeds are derived."

2. Smaller estate cases:

Where it is desirable that the insured's wife be the owner of the contract as in the smaller estate cases where income from the insurance proceeds might be necessary for her maintenance and support if she survived the insured, then (a) the trust instrument would create one trust only if she survived the insured; (b) the income from this trust would be payable to her; (c) she should have power to dispose of the trust principal upon her death.

There you have the solution to all of the problems enumerated. And the key to this solution? Treat the beneficiary designation and the ownership designation separately; (a) make a trust the beneficiary of the policies; (b) assign the ownership of separate contracts to children or wife of the insured, naming contingent owners, to eliminate the possibility of better than a 5% reversionary interest in the insured.

Now we'll enumerate with explanation the points which this plan takes care of:

1. The proceeds of the life insurance at the time of the insured's death will be free of federal estate tax under the provisions of the 1954 revenue code subject to any argument regarding contemplation of death which we'll deal with later.

This is true because the insured has assigned the ownership of the policies on his life, naming contingent owners, and has thus divested himself of all incidents of ownership in the contracts.

2. The proceeds of the policies payable at death to trusts created for the benefit of the respective owners of the contracts will be available in the hands of the trustees who can purchase assets from the deceased's estate or loan cash to the deceased's executors, who can then use the money for payment of estate and inheritance taxes.

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The trust powers will be broad enough to allow such investments in assets of the deceased's estate-investments which probably could not be made by a guardian where the proceeds were payable directly to a minor child. Even where the proceeds were payable directly to an adult child, there is no certainty that the money would be made available.

3. Large sums of money represented by the insurance proceeds will not be paid to children at relatively young ages if there are minor children or relatively young adult children in the family. Instead this money will be invested by the same trustee or trustees who are handling the deceased insured's estate, and the principal will be distributed to the children when they are mature enough to invest it wisely.

4. If the insured or someone else pays the premiums on policies assigned to the children, whether they are minors or adults, the annual gift tax exemptions will be available because the child or independent guardian for the child or spouse—husband or wife—has complete control of a separate policy, the ownership of which has been assigned to the child or spouse.

You will remember that we first have separate policies issued in equal amount so that one policy can be assigned to each child. Although these policies have been made payable to a trust, the child or guardian for the child or the wife, as the case may be,

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Edwin H. May (left), manager of Phoenix Mutual Life at Hartford, has been elected president of LIAMA's Atlantic Alumni Assn. He is shown with L. Kent Babcock, general agent of Aetna Life at Philadelphia, his predecessor.

Moreen Says Group Health on Retired Faces Risky Future

Some group health insurance plans for retired workers are working now and are not too costly, but their future performance is indefinite unless policies contain certain qualifying features, Howard Moreen, secretary of Aetna Life group division, warned the fall insurance conference of American Management Assn. in Chicago.

Qualifying features listed by Mr. Moreen include deductibles, coinsurance clauses of 25 to 33 1/3%, lifetime maximums of $5,000, and possible charging of health benefits against group life insurance continued for the retired worker.

Mr. Moreen indicated his preference for major medical policies and suggested varying of deductibles and co-insurance features to make health insurance for the retired workers financially sound at a reasonable cost.

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He said health insurance in the past offered too many first dollar benefits and not enough second dollar coverage. He warned that errors of group health coverage for active workers should not be compounded by carrying the same mistakes over into group health for the retired.

The need for group life insurance decreases as persons age, Mr. Moreen said, but for group health it increases. He also explained that the cost of group health for persons over 65 increases five times the cost of the same coverage for a worker at age 35.

While the cost of group life for the aged increases even more than the cost of health insurance, Mr. Moreen pointed out that at least a cost can be determined for group life coverage of the retired worker because of the greater experience insurers have in this field.

Glenn Isgrig Solved Insurance Problem of $32,000 TV Winner

Rev. A. L. Kershaw, the Oxford, O., clergyman who took $32,000 instead of going for the grand prize on the "$64,000 Question" TV show this week, had an unusual insurance problem that was solved by Glenn W. Isgrig, Lincoln National general agent at Cincinnati.

When Mr. Isgrig approached Rev. Kershaw a few weeks ago, the clergyman was one man out of many who had an immediate potential of earning about $40,000 after taxes. Rev. Kershaw wanted to use part of whatever winnings he came away with to purchase a retirement plan, but felt he would have to wait until he knew how far he would go.

Mr. Isgrig pointed out that he should insure not only his normal value to his family, but also the tremendous potential that was not immediate. If anything had happened to him before he had the chance to get into the big money, it would have been a great loss to his family.

Consequently, a term contract was written with the understanding that it could be converted when the insured's financial condition was made definite.

Jackson Heads Pilgrim of Ind.

Robert D. Jackson, secretary of Pilgrim Life for two years, has been named president, succeeding C. C. Hodges, now chairman. Before joining Pilgrim, Mr. Jackson was with an investment counsel firm at Chicago.

Phoenix Mutual Raises Dividends, Offers New Policy, Lowers Rates

Phoenix Mutual Life will increase dividends an average of 7% on Jan. 1. The scale will be increased by $500,000, reducing the net cost of family and business insurance. Cost reductions resulting from the dividend increase will apply to almost all contracts and will be slightly more favorable to ages above 35.

The company has introduced the "major protective" policy, issued for a minimum of $25,000, which gives policyholders the benefits of economies involved in issuing policies for larger amounts. In comparison with ordinary life plans, it will provide at least 16% additional protection for the same gross premium.

Single premiums for all life, endowment and retirement contracts have been reduced about 2%, with no change in cash values. The five-pay life series was reduced by $2 per $1,000 at all ages. Premiums on life policies paid up at 65 were reduced for ages 56 to 60.

A new retention limit of $500,000 has been set on standard risks for all ages, 0 to 70, without reinsurance. The same limit applies to single premium life, endowment and retirement income. Maximum limit for single premium annuity premiums has been raised to $500,000 also. The non-medical maximum has been raised to $12,500 in any year up to age 35 for all retirement income and protective retirement income plans. Limits for double indemnity provisions have been raised from $50,000 to $100,000.

The company has increased the commission scale for the economic protective life series, a $10,000 minimum contract with low initial cost. After Jan. 1, the minimum policy issued will be $20,000. The new minimum will not apply to certain pension trust and salary allotment plans now in effect.

United of Chicago Seeks to Sell 200,000 Shares

United of Chicago has filed with Securities and Exchange Commission a statement seeking registration of 200,000 shares of $2.50 par common stock. The company will sell 50,000 shares and certain stockholders will sell 150,000.

R. S. Dickson & Co. and A. C. Allyn & Co. are principal underwriters. Public offering price and underwriting terms will be supplied by amendment. Net proceeds to the company of its sale of the 50,000 shares will be added to working capital to aid growth and expansion. The company will receive no part of the proceeds of the sale of stock by selling stockholders.

The prospectus lists six selling stockholders who hold a total of 376,270 of the 1,250,000 outstanding shares. They include: President J. R. Hogan, selling 30,830 shares; Chairman O. T. Hogan, 30,000; G. Blair Hiser; executive vice-president and general attorney 29,170; Geraldine I. Penrith, 27,000; J. M. Penrith, board member, and I. Penrith, 18,000 as joint tenants, and A. D. Johnson, board member, 15,000.

Miss Margaret Divver, advertising manager of John Hancock, has been named chairman of the defense advisory committee on women in the services for 1956. She is shown receiving congratulations from Henry A. Du Flon, deputy assistant secretary of defense for manpower, personnel and reserve.

Continental Assurance Hits $3.5 Billion High

Continental Assurance reached the $3½ billion mark of insurance in force at the end of the third quarter, a $500 million gain since January. The in force increase for the first nine months was 12% as against 9% the same period last year.

Paid-for ordinary business for the first nine months amounted to $226,504,234, a gain of 22%.

Propose Capital Hike for Commonwealth Life

Stockholders of Commonwealth Life at a special meeting Nov. 23 will consider directors' proposals to increase authorized capital from $2 million to $3 million and a split of each share of outstanding $10 par value common stock into five shares of a par value of $2 each.

Subject to approval of stockholders, the directors also declared a dividend of five cents per share upon the presently issued and outstanding reclassified stock, payable Dec. 7 to holders of record Nov. 23, and a stock dividend at the rate of one share of $2 par common for each two shares of outstanding $2 par common, likewise payable Dec. 7 to stock of record Nov. 23.

The new $2 par value common stock, including the stock issued as a dividend, will be placed upon a regular 20-cent annual dividend basis beginning with the March, 1956, dividend.

R. D. Benscotter agency of Provident Mutual Life at Detroit led all other company agencies in new sales for the first nine months of 1955.

Conn. Mutual Increases Dividends $2.6 Million

Connecticut Mutual Life has revised its dividend scale upward for the eighth time in 13 years so that policyholders in 1956 will receive $21,950,000 in dividends, up $2.6 million from 1955, or $805,000 more than would be distributed in 1956 if the current scale were continued for another year.

The change is not uniform, but varies by plan, duration, and age of policyholder.

The company will continue to pay 3.3% interest on funds left under settlement options, and 3.15% on dividends accumulating at interest.

Continue National, Vt., Dividend Scale in 1956

National Life of Vermont will continue its current dividend scale for 1956 on all forms of insurance, retirement annuities and participating funds held by the company. When first set up two years ago, the scale represented the largest increase in dividend payments in company history.

Mutual, N. Y., Increases Dividends 11% for 1956

Mutual of New York will distribute dividends amounting to $40.3 million in 1956, increase $4.1 million or 11%, to 1 million policyholders in U.S. and Canada. The company allocated $20.1 million in dividends in 1951.

Three-quarters of the increase is the result of higher dividend scales. The balance is due to more insurance in force. The 11% gain follows a record increase of $7.9 million, or 28%, in 1955. The action is subject only to final ratification in January by the board, which gave tentative approval in order to notify policyholders whose policy anniversaries occur early next year.

A&H dividends will be continued at the 1955 rates. Mutual will pay a first dividend of 5% of the annual premium on accident expense and disability expense policies issued in 1954 and a dividend of 7.5% of the premium on such policies issued in 1952 or 1953. First dividends of 5% of the premium will be paid on hospitalization policies issued in 1953.

As part of the dividend allotment, present interest rates under supplementary contracts will be continued. Excess interest will be allowed on participating supplementary contracts during 1956, as in 1955, to bring the total rate credited up to 3.15%. The rate on dividend deposits will continue at 3%.

Major Medical Plan for G.E. Is 'Biggest'

NEW YORK—Said to be the largest major medical plan written is the case covering some 200,000 of General Electric's personnel. It is insured by Metropolitan Life everywhere except in California, where it is underwritten jointly by Metropolitan and Aetna Life. General Electric will pay two-thirds of the cost of the "package," which takes the place of the usual underlying hospital and surgical coverage as well as "catastrophe" coverage. It will eventually cover an estimated 500,000 of General Electric's employes.

Benefits will range up to $7,500 a year at a cost for individual coverage of nine-tenths of 1% of regular annual salary. Dependent coverage costs an additional 2% of the first $5,000 of normal annual compensation.

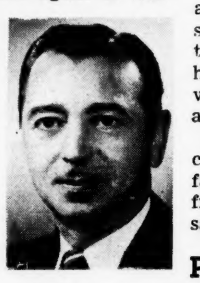
Two alternative types of coverage are being offered to G. E. employes at most of the company's 136 plants. Under the "comprehensive" type, the insurance takes care of 75 to 85% of bills for non-occupational sickness or accident after the employe pays the first $50. This can go up to $7,500 in a year or $15,000 in a lifetime.

The second type, called "basic and extended medical expense benefits," is for use after basic hospital and surgical benefits are used up. It provides for 75% of all other covered expenses up to $5,000 a year or $10,000 in a lifetime after another $100 a year is paid by the person covered. Under both types of coverage benefit ceilings apply to individuals, not to families. A family of four, for instance, could get benefits of $30,000 a year under the comprehensive type.

The improved schedule of benefits also includes life insurance equal to double the employe's regular yearly pay, or triple for accidental death, broad dismemberment insurance and A&H benefits up to $85 a week for hourly paid employes kept off their jobs by disabilities not connected with their work.

Hancock Names Minisci; W. E. Collins Retires

John Hancock has appointed Vincent L. Minisci general agent at Worcester to succeed William E. Collins, general agent since 1929, who has retired after 34 years of service.



Vincent L. Minisci

Mr. Minisci joined John Hancock in 1946 with the Edwin R. Erickson agency at Buffalo. He was named assistant general agent in charge of the agency's Erie, Pa., branch in 1948. Since 1950, he has been in charge of the sales organization of the Buffalo agency. He has completed the Purdue course.

Mr. Collins, who was honored at a dinner and was presented a gift from the company by George Vinsonhaler, 2nd vice-president, joined John Hancock in 1921 at Malden, Mass. In 1923, he went wtih Paul F. Clark, now president, who was general agent in eastern Massachusetts.

Travelers Extends Grace Period

Travelers has granted an additional 30-day grace period for payment of life premiums by policyholders who suffered financial losses in the latest flood in the northeastern states area.

Advises Buyers to Cover Key Executives for All Accidents

Corporations will spend millions to recruit and develop executive manpower for 1970, 1960 or next year, and miss an opportunity to spend pennies to demonstrate to their own executives that they, too, are on the team, Frank V. McCullough, assistant vice-president of Continental Casualty, told American Management Assn.'s fall insurance conference at Chicago. He suggested comprehensive accident coverage for key executives as a good way to build loyalty.

What is the extent of a company's obligation to an executive? he asked. There is no legal liability beyond the laws of workmen's compensation, but there is the matter of competition and moral obligation. How important is the program of accident insurance for executive employes of the competitor? If an executive is killed on company business, isn't there some obligation to his family?

That cozy feeling of security that comes from a considerable estate in the bank is a boost for managerial morale, he said. If a boss gave an employe an extra $6 a month, he wouldn't exactly jump for joy, but if he told him he was insuring him, with his wife as beneficiary, for $100,000, he would probably be convinced that he was in the right job in the right business. An executive in the top income brackets wouldn't be impressed with a $12 a month gift, but $200,000 to his family, if anything happens to him, would make him feel mighty good, Mr. McCullough said.

One firm, he added, has insured all its officers and employes earning more than $6,500 annually against any accident anywhere in the world at any time, whether the result of travel, work, or recreation. The indemnity, payable to a beneficiary named by insured, is four times the annual salary, subject to a maximum of $200,000.

It is possible to settle for an executive accident policy with more restricted coverage, at a lower premium, he said. He quoted one insurance manager: "I can't see a man leap into his car, drive 85 miles an hour over a super highway to an airport to catch a plane, and then, once aboard, feel satisfied because he's insured for the two hour flight, which is much less hazardous than the chances he took without thinking on his way to the airport."

A fatal accident on highway or golf course is just as much a loss to a family and company as one resulting from a plane crash, Mr. McCullough said.

Pan-Am Names Robarts, Bosse to Promotion Jobs

Pan-American has appointed James M. Robarts director of sales promotion and George Bosse production manager of the sales promotion department.

Mr. Robarts, with the company since 1952 as assistant to the director of public relations, also is editor of the field magazine, *Pan-American Review*. He previously was with John Hancock.

Mr. Bosse formerly was production manager of Stone Stevens, Inc., New Orleans advertising agency.

John Hancock and employes gave $110,000 to the 1956 Red Feather drive, increase 17%, for the highest donation in company history. More than half the contributors gave through the payroll deduction plan.

Splitting Pension Funding Between Bank and Insurer Tops Either's Yield: Hines

NEW YORK—Advantages of the "split-funding" method for pension plans as a solution for employers who seek to combine the major services of an insurance company with the major services of a corporate trustee were explained by John M. Hines, 2nd vice-president of Equitable Society, at the fall conference here of Council on Employe Benefit Plans.

John M. Hines

Mr. Hines said split-funding "gives more flexibility, lower net cost and more guarantees than can be provided by a fully trusteed arrangement."

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Some insurance companies, said Mr. Hines, are reluctant to move from their traditional role of "insurer" into the split-funding type of arrangement. Also, many banks shy away from having so large a part of their share of the funding invested in common stocks. However, the large employer who is looking at total results and owes no special obligation to, or admits no pressure from, either a bank or an insurance company may welcome the split-funding idea, said Mr. Hines.

"It is to be hoped that both insurance companies and banks will find in split-funding a way of living together to give pension plans the advantages which each can provide," he added.

The main aim of split-funding is to provide for the substantial investment in common stocks which many corporate managements want plus the higher yields on mortgages available through the life company's portfolio. Excluding common stocks, life companies in general earn a higher rate on their assets than trust companies do, because the latter go in so heavily for bonds and avoid mortgages.

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Mr. Hines listed these advantages of the split-funding method for the larger employer:

1. Where the plan is contributory the method relieves the employer from responsibility for employe contributions. It eases the trustee's investment problem with regard to employes' money. Many contributory plans have, through collective bargaining or for other reasons, been changed to a non-contributory basis with refund of all prior employe contributions. If trustees realized as they should that the part of the fund arising from employe contributions is potentially call money at any time, they might keep this part of the fund in liquid securities despite the effect of depressing the total interest yield. Employe money turned over to an insurance company shares in a steady stream of high investment yield without loss of liquidity.

2. The split-funding method gives an insured annuity to retired employes, backed by an insurance company certificate. Trust funds normally limit liability to the sufficiency of the fund. The insurance company guarantee has psychological value at all times and very real value in event of discontinuance of the plan. In these days of sale and merger, discontinuance of the plan and transfer to another company of obligations is always a possibility. The trust fund is relieved of obligations to retired employes at the time when the insurance of the mortality risk becomes more important than the investment factor.

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3. Most important, split-funding should improve the over-all yield of the total fund. No idle cash need be held from an annual contribution to meet current disbursements to pensioners. Stocks may be purchased by trusteed funds to the percentage of the total fund desired. The money held by the insurance company will earn more than if invested in bonds by the trustee. Insurance companies maintain that they earn more on bonds than corporate trustees can because of the direct placement method which is widely used and because their contractual obligation (with no one looking over the shoulder), as contrasted with the trustee's fiduciary obligation, permits more latitude, imagination, and courage in the field of bond purchases. However, assuming the bond yield would be the same, the insurance company normally has a third or more of its assets in investments (primarily mortgage loans) which over a normal period produce higher than bond yields. Using hypothetical average rates of yield which are relatively not unreasonable, the point can be made clear thus: insurance company, two-thirds in bonds at 3%; one-third in mortgages, etc., at 3.75%. Total average yield 3.25%. Trust fund, two-thirds in bonds at 3%; one-third in stocks at 5%. Total average yield 3.67%. Split-fund, one-half with insurance company at 3.25%; one-half with trustee, with one-third of the trustee's half in bonds at 3% and two thirds in stocks at 5%. Total average yield 3.79%.

The above illustration, Mr. Hines pointed out, assumes net insurance company yields after investment expenses and federal tax on investment income.

"Incidentally," he added, "it is confidently expected that the next session of Congress will enact a new tax law for insurance companies which will exempt pension funds from the federal tax on investment income. This would add about two basis points to the yield."

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Other insurance company expenses involve little duplication under split-funding, said Mr. Hines. Administrative charges for handling employe accounts and paying benefits are probably less with an insurance company than through a trustee. Charges for actuarial work are not made by the insurance company where a consulting actuary is engaged. Commission charges may be a partial reimbursement to the consultant. (Actuarial and commission charges normally are not out of line with the consultant's fees where the employer prefers to deal directly with the insurance company through an insurance agent.)

The only significant "extra cost," said Mr. Hines, is the premium tax levied in some states. Some insurers allocate this charge to the contracts in the states which impose the tax. Others spread it as an average charge to all contracts. The average charge represents the equivalent of about four hundredths of 1% compound interest, Mr. Hines observed.

Bankers National Tells Field of New A&H, 10-Pay Plans

Bankers National Life introduced a new line of non-cancellable A&H policies for women at reduced premium rates and a new 10-payment life plan with $50,000 minimum issue at the three-day meeting of Master Producers club in Atlantic City and the four-day convention of President's club at Miami beach.

Ramon E. McCue, assistant superintendent of agencies and manager of the A&H department, said the non-cancellable A&H policies, to be issued for the first time on Jan. 1, will be guaranteed renewable to age 65 and renewable at the option of the company thereafter if insured can meet underwriting standards. Benefits are payable for 12, 24, 60 and 120 months. Lifetime accident benefits will be available. Accident benefits will be paid from 1st, 8th, 15th, 31st, or 61st day.

Policies will be issued between ages 18 and 60, with or without partial disability. Maximum monthly indemnity will be $400. Optional benefits include daily hospital expense for as long as 90 days up to $15 a day, miscellaneous hospital expense up to $250 and up to $400 for surgeons' fees according to the schedule. Special features will include no house confinement required; waiver of premiums if disability continues after four months; non-aggregate recurrent disability considered a new claim after six months; non-prorating, no increase in premium after issue of policy; incontestable after two years; grace period of 31 days; and only one exclusion, that of any loss caused by declared or undeclared war or act of war.

Mr. McCue said a sales kit with proposals, rates, instructions, pre-approach material and brokerage mailing pieces will be released Jan. 1.

A 20-payment life plan and a life paid up at 65 policy for women will be made available soon, according to John D. Brundage, administrative vice-president. These non-participating plans were designed for females, with lower rates because of the more favorable mortality rate of women. Minimum issue will be $3,000 available at standard rates only. This is the first time the company has designed special policies for women at reduced premium rates.


W. J. Sieger


R. R. Lounsbury

H. Carlyle Freeman, assistant superintendent of agencies, presented the new special 10-payment life plan with a $50,000 minimum issue and a premium that reduced 50% after the fifth year. It is designed expressly for funded premium plans.

A complete line of group coverages, including life, A&H and major medical, will be ready for issue next year, Mr. Brundage said.

He listed other changes for Jan. 1 as monthly disability rider to mature the policy of a disabled policyholder at age 65 as an immediate endowment instead of terminating the disability income at age 65, with lower premium rates; accidental death benefit rider premiums changed from the present $1.50 flat rate to $1.25 for ages 15 to 49, $1.50 for ages 50 to 54, $1.75 for ages 55 to 59, and $2 at age 60; age limit of 65 raised to 70 on the preferred risk ordinary life, endowment at 85, 20-payment life, 20-year endowment, the "champion," the selected risk ordinary life and the single premium ordinary life policies; and cash values increased at all durations on the 30-payment life, endowment at 65, life paid up at 65, and endowment at 85 plans. There will be no change in gross premiums or dividends. A new rate book, with policies listed by age instead of plan, will be distributed.

A study was made of the ordinary life sold in July to determine whether changes might be made and how previously introduced changes were succeeding, Mr. Brundage said. The "champion," with its low net cost, led in volume, twice that of the preferred risk ordinary life, leader in the past. One in three policies had waiver of premium. Waiver of premium rates will be lowered slightly Jan. 1.

William J. Sieger, vice-president and superintendent of agencies, said ordinary life sales were up 27.7% and over all business was up 30% at the end of September.

President Ralph R. Lounsbury congratulated qualifiers for the clubs and called for maintenance of enthusiasm throughout the organization.

NO 'CARBON COPIES' WANTED

How Metropolitan Teaches Management Trainees to Think Instead of 'Refer'

NEW YORK—The big job of management development is to produce men and women equipped to think for themselves on management problems, and not just become carbon copies of their superiors, said Elles M. Derby, Metropolitan Life's manager of management education, at the American Management Assn. office management division meeting here.

Mr. Derby discussed some of the methods that Metropolitan Life uses in management development.

Once a company decides to embark on a formal management development program there is the question of who should be selected for management training. Mr. Derby said that in addition to other generally desirable qualities the candidate should have three special qualities if he is to have the potential for dynamic thinking management.

One of these qualities is analytical ability. Can the candidate assemble and interpret facts? Many people cannot. The job of office manager calls for clear visualization of conditions and what they mean. Those who manage without this ability are flying blind and need the advice and control of others to get their job done.

"This is the chief cause, I think of so much dependence on top management for direction," said Mr. Derby. "How to determine the presence of this factor would make a paper in itself. Let me just say that ability in mathematics, science, accounting and related subjects seems to have a high correlation wtih results in this area."

The second essential special quality seems to be creative ability. Having assembled and interpreted facts, does the candidate have the ability to improve the situation? Many people lack it.

"It is interesting to note," said Mr. Derby, "that many books have been written on the subject of putting your creative ability to work. Truthfully, I don't know whether this can be done. It is my experience that many who try to do so fail because they do not have the basic talent present at all. We look for a natural restlessness or perhaps a natural impatience with existing situations. It should be evidenced all through day-to-day living. It can be disclosed during effective interviewing if the interviewer is adroit in his questioning."

As the third essential quality to effective office leadership Mr. Derby listed sales ability, defining it in this connection as the qualities that enable a person to handle the human factors with natural ease.

"You can name it anything you wish—but regardless of name, it is important to every office manager," he said. "Some people obviously do not have this quality about them and I say they are not your candidates for development. Others cannot be so clearly evaluated and must be tested over a period of time. Very few can be accepted without testing because many of the traits that are part of this factor can be overdone and this is as damaging and perhaps more damaging than some correctable weakness."

Mr. Derby warned that "in our anxiety to be fair, we sometimes tend to be too lenient" in developing people for management positions.

"Somewhere in the makeup of every man and every woman there are traits that fix the ceiling above which they cannot effectively rise," he pointed out. "These traits may be a harsh voice, a shifty eye, a slow mental process, a lack of logical reasoning power or any of hundreds of similarly simple things. Any program, to be successful, must recognize this fact. Let those who qualify have the opportunity but don't waste time and money on those who cannot meet the standard after reasonable time."

After candidates have been screened for analytical, creative, and sales ability, there comes the actual process of obtaining the desired results in developing them. Of Metropolitan's many techniques, Mr. Derby described two he considered to be most important in

(CONTINUED ON PAGE 16)

Tells Results of LIAMA Sales Method Index in One Company

Joseph Weitz, research associate of LIAMA, and Harold E. Kinsey, assistant general agent of Massachusetts Mutual Life at Cleveland, reported on results from use of the sales method index, a supervisory tool developed by LIAMA, at a meeting of LIAMA's Atlantic Alumni Assn. in Rye, N. Y.

Mr. Weitz told how LIAMA made a study in one company to evaluate the sales method index. All agencies in the company were divided into two groups, matched to make them as much alike as possible. One group was asked to use the index with every agent for one year. Managers were asked to cooperate.

Average monthly production for index agents in the six months before the study started was $21,000 and increased to an average of $24,800 during the year of the study. The corresponding figures for the non-index agents were $21,800 before and $22,000 for the year following.

Thus the index agents showed a 17% increase in production while non-index agents had only 1% increase, Mr. Weitz said. While 63% of the index agents increased their average monthly production, only 41% of the non-SMI agents increased theirs.

To determine the effectiveness of the index for agents at different production levels, agents of both groups were divided into three production levels. Results proved that the index helped agents who previously produced less than $25,000 per month but had no effect on the performance of agents producing more than that at the start of the study. The agents in the index group who were originally producing below $25,000 per month increased their monthly production, whereas the agents in non-index group who also were originally producing less than that amount decreased in their rate of monthly production.

The index appears to be most helpful to agents with low production, who need help the most, Mr. Weitz concluded. He acknowledged the excellent results from using this supervisory tool in one company, but pointed out that there is no guarantee similar results would be obtained under all conditions.

Mr. Weitz said the revised sales method index is now available for all LIAMA member companies. In addition, a new edition has been made available for agents in combination company agencies.

Mr. Kinsey told what happened in his agency during the first year the index was used to study work habits of agents. It shows the supervisor where to start working with the agent and it provides this information in the first 20 cases, he said.

He gave case histories of six men in his agency which was in the test group for the LIAMA evaluation study. During the study period, these men raised their production 115%, 51%, 9.6%, 26%, 38% and 97%. In six months following the termination of the study, when the agents no longer used the index, two of the agents continued to increase their production and four decreased. Those decreasing are now getting back on the production trail, however, he said.

Will the index lead to self-supervision by the agent? Mr. Kinsey does not want it to do this as he believes that there is no substitute for direct supervision. He said that he believes the index can be very effective with veteran agents but that the agent must want this help.

"I believe that the SMI is absolutely a must with all new agents," Mr. Kinsey said. He will definitely use it in his agency.

Mr. Kinsey said he particularly emphasizes the conference between the agent and supervisor after every 20 case sections of the index are completed. He feels that the summary should be then completed together. This way faults can be corrected before they become too serious.

200 Attend Northwest A&H Sales Congress

More than 200 persons attended the Pacific Northwest International A&H sales congress at Seattle, sponsored by Columbia and Seattle associations of A&H Underwriters.

Floyd Churchill, Northwestern Life, vice-president of Washington A&H Assn., presided at the opening session and I. E. Morrison, Olympic National Life, president, gave the welcoming address. He was followed to the rostrum by Commissioner Sullivan of Washington who was introduced by Harold Goldback, New York Life.

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Delbert C. Hastings, assistant director of bureau of business research, University of Washington, addressed the group on "The Northwest—It's Opportunities." W. G. Coursey, Chicago, managing director of International Assn. of A&H Underwriters, discussed "Your Place in the Picture" and Eber Crummy, Mutual Benefit H.&A., spoke on "The Canadian Problem."

Clifford McDonald, Dallas, president of International Assn. of A&H Underwriters, was speaker at the luncheon discussing "What A&H Can Do for Life Underwriters."

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A panel session on "You Can Make Money" was moderated by Edwin Phillips, Portland, vice-president of Standard Ins. Co. of Oregon, and had as members H. G. Horn, Portland manager of Business Men's Assurance; John Merrifield, Portland, president of Ins. Co. of Oregon; Malcolm Bryant, North American Accident, Portland, and Robert Rau, East Portland agency manager for Standard.

E. J. Coffey, Portland, vice-president of International Assn. of A&H Underwriters, discussed "The Disability Insurance Training Course," and this was followed by a summary of the meeting and a social hour by home office companies. Those who desired to remain attended the Stanford-University of Washington football game.

Sponsor DITC Courses in Dallas and Minneapolis

Minneapolis Assn. of A&H Underwriters will open a sales training course on Nov. 4, for the twin-city area. The DITC course will meet two hours a week for 13 weeks under Arne Bruheim, Minneapolis agent for North American Mutual Casualty, instructor. Enrollment chairman is William Peterson, Pioneer Mutual, St. Paul.

Dallas has opened a DITC course with William V. Crook, educational director, Great American Reserve, as instructor. John Claiborne, manager of A&H sales, Employers Casualty, served as enrollment chairman.

John Hancock Expands District Agency Setup

John Hancock has regrouped district agencies in some regional territories in a program of district agency expansion designed to effect a closer relationship between regional managers and field staff members and a better distribution of responsibility among managers.

Texas districts and certain districts in the west central territory have been placed under supervision of A. William Rhodes, manager of the west central territory. The new region is designated as southwestern territory.

A new southern operation, comprising three Florida districts, will be supervised by Andrew A. Adinolfi, manager of the southeastern region.

Districts in western Pennsylvania, formerly in the southeastern region, have been assigned to the upper New York state region.

Northern New England, southern New England, east central and north central regions also are affected by the regrouping. The greater New York regional territory was divided, after inclusion of some Connecticut districts. The new territories are known as metropolitan New York and Connecticut, regions 1 and 2. John P. Hennessey, regional manager of greater New York territory, heads region 1, and Leonard Vecchiolla, district manager at Nassau east, was promoted to regiona 1 manager of region 2.

Oppose New SS Bill to Grant Disability Benefits at Age 50

WASHINGTON—U. S. Chamber of Commerce has opened a campaign against the House-passed social security bill on grounds that it threatens the solvency of the system. The chamber's particular target is the provision to make disabled workers under OASI eligible for benefits at age 50 instead of age 65 upon retirement, as under the present law.

The chamber has written chairmen of congressional action committees, urging them to meet with their senators before January and "urge them to oppose" the bill which "threatens the solvency of our social security system and emasculates our vocational rehabilitation program."

In its *Washington Report*, the chamber calls attention to these other features of the bill: reduction in women's retirement age from 65 to 62; extension of coverage to 250,000 more persons, including professional workers except physicians; and increase in the OASI tax rate from 2% to 2.5% each on employer and employe.

The report lists these chief points made by opponents of the disability provision:

"1. Human sympathy and pure logic indicate that disability payments should be made, but the moral hazards and great administrative difficulties make them inadvisable.

"2. Despite certain guarantees against abuses, the tendency toward malingering would be great.

"3. There would a tendency to reduce the effectiveness of the federal-state rehabilitation program.

"4. Costs of the basic OASI program can yet be only estimated, so the costs of disability remain in the realm of conjecture. The increased payroll tax of one-half percent might, or might not, be adequate.

"5. The new provisions would reach only one part of the problem since many disabilities arise in childhood and others occur before minimum employment qualifications are met."

The publication continued: "Eventual costs are important considerations in both the disability proposal and the proposal to lower the retirement age for women.

"In both cases, the proposals appear to be steps. If the disability benefit proposal should become law, there undoubtedly will be immediate demands for elimination of any age requirement; and there would be demands for benefits to dependents of the disabled individual.

"If the age reduction should become law, it would be logical to expect bills to be introduced lowering the age to 60 for both men and women. That would be extremely costly.

"Because the eventual costs of the present program are certain to be great, there is the danger that additional costs would impair the basic economy upon which all security rests.

"Few arguments advanced by proponents of the bill stand up under scrutiny.

"A good example is the contention that many men must work beyond the retirement age of 65 because their wives are younger than they are and not yet eligible for benefits.

"It is true that many men work to the age of 68 or 69 before claiming social security benefits. But, after a thorough study, the chief actuary of the social security administration recently concluded 98% continue working for other reasons than the fact that their wives are not old enough to receive benefits."

Beers to Security-Conn.

Security-Connecticut Life has appointed William W. Beers manager at Hartford. The new office is at 410 Asylum Ave.

Mr. Beers, who has been manager of Guardian Life at White Plains, N. Y., also has been with Connecticut Mutual Life, New England Mutual Life and Mutual Benefit Life. He is a CLU.

Mutual Benefit Names T. M. Lemly at Memphis

Mutual Benefit Life has appointed Tne.on M. Lemly general agent at Memphis. He succeeds Lloyd Ramsey who resigned as general agent.

Mr. Lemly has been in the business 17 years, the last seven as manager of Home Life at Memphis.

Robert J. Daley, an agent at St. Louis for Occidental of California, has been promoted to assistant manager there. He was with Great-West Life at St Louis before joining the company.

Longest Life Expectancy in West North Central

Expectation of life at birth in the west north central area of the U. S. at midcentury was 67.8 years for white males and 73.3 years for white females, longest in the country, according to Metropolitan Life.

Next best record for males is 66.9 years in New England. Next best for females is 72.9 years on the Pacific Coast.

Figures for expectation of life at birth in 1949-51 in various sections of the U. S. are:

Area	White Males (years)	White Females (years)
west north central	67.8	73.3
New England	66.9	72.1
east north central	66.5	71.9
middle Atlantic	66.2	71.2
Pacific	66.1	72.9
west south central	66.1	72.6
south Atlantic	66.0	72.5
east south central	66.0	71.8
mountain	65.4	71.9

Average length of life increased substantially in every section during the 1940s, according to life tables computed by Metropolitan Life from data provided by national office of vital statistics and bureau of the census. Largest gains were made in areas which formerly had the least favorable records. In the mountain states, the increases were 4.4 years for white males and 5.9 years for white females. In the west north central area, the increases were 2.6 and 4.1 years for males and females, respectively.

The greater increases in length of life in areas with poorer records have narrowed the geographic differences in longevity, Metropolitan Life statisticians said.

Publish PR Tips for A&H Agents

"You as a Public Relations Expert" is the title of an eight-page booklet published by the public relations committee of International Assn. of A&H Underwriters. It was written by Earle R. Bennett, Provident L. & A., Tampa, Fla., chairman of the committee and vice-president of IAAHU.

The booklet contains suggestions for the agent in building public relations and good will for the business in his community and suggestions for public relations as a member of his trade association.

Sees Overemphasis on Recruiting as Cause of Agents' Failures

Over concentration on recruiting and the unfortunate assumption by agency managers that once a new agent appears successful they can start chasing the "rainbow's end" of a larger staff are two reasons why agents who are "balls of fire" during their early period suddenly cool off after 18 months or two years and leave the business discouraged about the possibilities for success, President Richard B. Evans of Colonial Life told LIAMA's Atlantic Alumni Assn. meeting at Rye, N. Y.

There is a need for agency management officials to attempt to evaluate what their true measurement of success of an agency performance truly is, Mr. Evans said.

"There are many phantoms that can lure men of great promise far off the path toward a truly successful career." One of the more serious phantoms which has developed in recent years is the attraction toward the sale of straight term and term riders.

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He attributed this to four causes. One is the inflationary spiral which has contributed to a lack of confidence in the future buying power of the dollar. As a result, many tend to purchase minimum cost insurance and place their savings in speculative equities as a hedge against the declining purchasing value of the dollar. Another is the zeal of many agency organizations to build statistical paid-for volume, thereby falling in with this thinking on the part of some of the public.

Also, some companies, motivated by the phantom goal of building purely amounts of benefit in force, have failed to recast their evaluation of agency performance in reestablishing the standards of some years ago—that of premium income building. The combination of the first three has brought the business face to face with the "net cost gimmick," something that has not been too much in evidence since the 1920s.

"In my opinion, this is influencing overemphasis on so-called 'special policies' and elaborate dividend exhibits," Mr. Evans said. The special policies have represented only a small percentage of companies' total sales and have not contributed to their persistency records.

He subscribed to the results of a questionnaire, sent to American Life Convention members, which revealed the most important factor in increasing production from 1949 to 1954 as considered to be the development of agency force through training and supervision. The second most important factor was development of agency force by increasing the number of agents. Mr. Evans felt the emphasis on training and supervision explains to a great extent why a large number of high caliber men have been retained in recent years.

There is a growing public confidence in the gradual stabilization of the future purchasing power of the dollar, he said. He has talked to business men who are gradually moving into purchase of permanent life, where formerly they bought term. A number of companies are reporting a similar trend a—slowly declining purchase of term.

Los Angeles life supervisors at their October meeting heard a talk by H. C. Graebner, dean of the American College.

N. C. Finds Profit Sharing Policy Legal but Criticizes Wording

RALEIGH—Commissioner Gold has approved in principle the profit sharing policy as legal in North Carolina but has given National Old Line of Little Rock until Dec. 1 to make certain changes in the terminology of its policy form A-530-53 in order to qualify.

He warned that "no pictures of insured shall be used in connection with the sale of it, nor shall agents do any more than point out the possibility of dividends when explaining or selling the contract."

North Carolina Assn. of Life Underwriters questioned the form, charging that it contained tontine features in violation of the law since "no one other than the policyholder received benefits to which he is entitled." He agreed with the association as to possible misrepresentation and ordered the company to revise terminology to eliminate that possibility.

Manhattan Names Sawyer

Hugh Sawyer

Manhattan Life has appointed Hugh Sawyer general agent in Virginia with offices at 1 North Fifth street, Richmond. It is a new agency.

Mr. Sawyer entered the business in 1946 and has been with Northwestern Mutual Life and Mutual Benefit Life.

Sieck to American Mutual

Kurt O. Sieck has joined American Mutual Life of Iowa as director of sales service.

Mr. Sieck, formerly assistant to the president of American Reserve Life of Omaha, has been active in Life Advertisers Assn. Before entering insurance he had newspaper and radio experience.

FTC Hearing at Omaha

The hearing on the federal trade commission complaint against Travelers Health of Omaha was scheduled to begin this week before Examiner Pack at Omaha.

Duncan to CLU-CPCU Post

Delbert J. Duncan, dean of University of Colorado school of business, author and authority on marketing, has been appointed to council of educational advisers of American College of Life Underwriters and American Institute for Property & Liability Underwriters.

Mr. Duncan replaces Cecil Puckett, former dean of University of Denver college of business administration, who resigned to become vice-president of federal reserve bank of Kansas City.

Paul C. Fay, formerly an agent for John Hancock at Boston, has joined Occidental of California there as brokerage manager.

Conn. General Raises Life, Annuity Limits

Connecticut General Life has increased the limits of issue for all forms of medically examined life and annuities, both standard and substandard risks.

Greatest increase is in the standard risk group of ages 21 to 55 for which the maximum issue has been raised from $300,000 to $500,000.

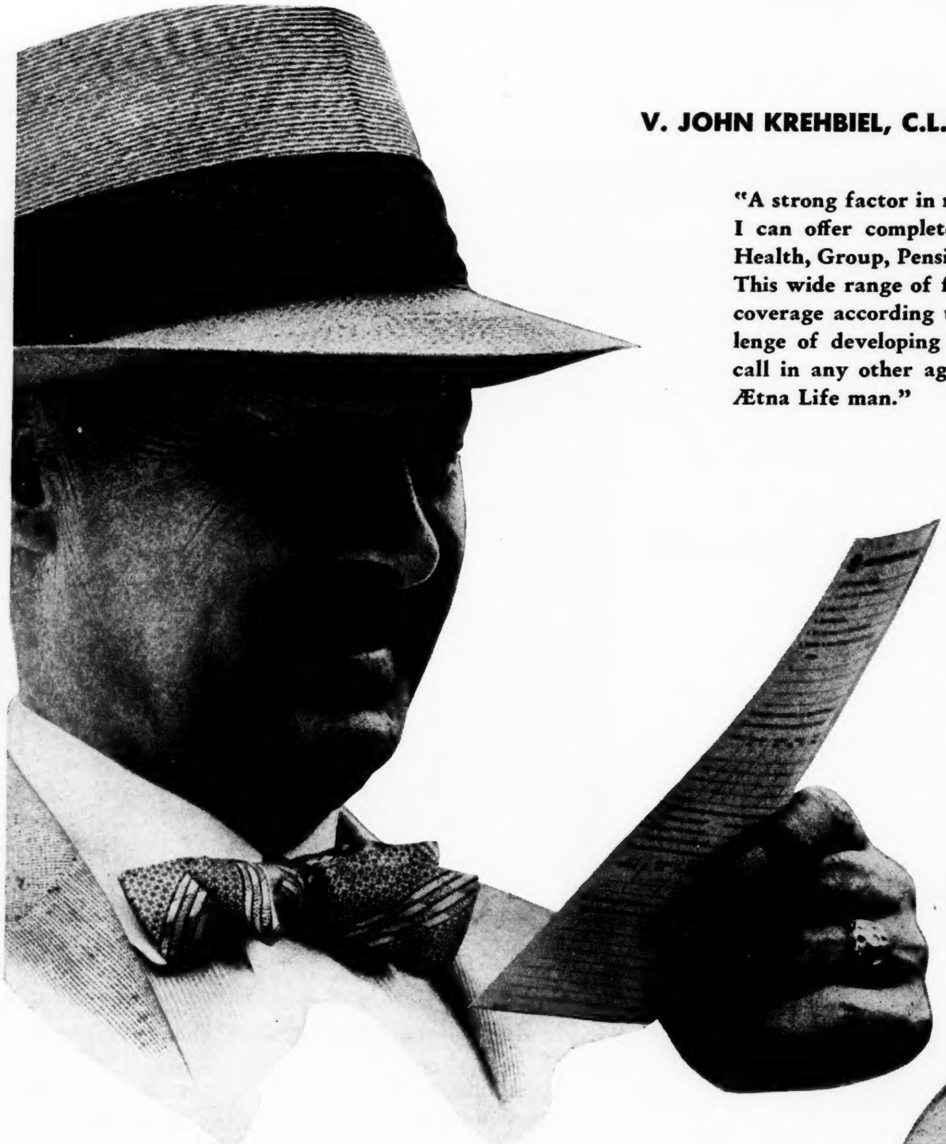
Maximum single premium for annuities has been raised from $200,000 to $300,000, with a new income limit of $2,500 a month. Maximum annual premium for retirement annuities has been increased from $4,100 to $7,000.

The underwriting department will continue to exercise flexibility regarding maximum limits of issue whenever circumstances warrant.

Tenn. Assn. to Expand Program

Tennessee Assn. of Life Underwriters will hold a "life insurance week" next April 8-15 and will select a "Mr. Insurance" for the year as part of an expanded program.

Their reasons differ but both agree...



V. JOHN KREHBIEL, C.L.U., of Los Angeles, ***says—***

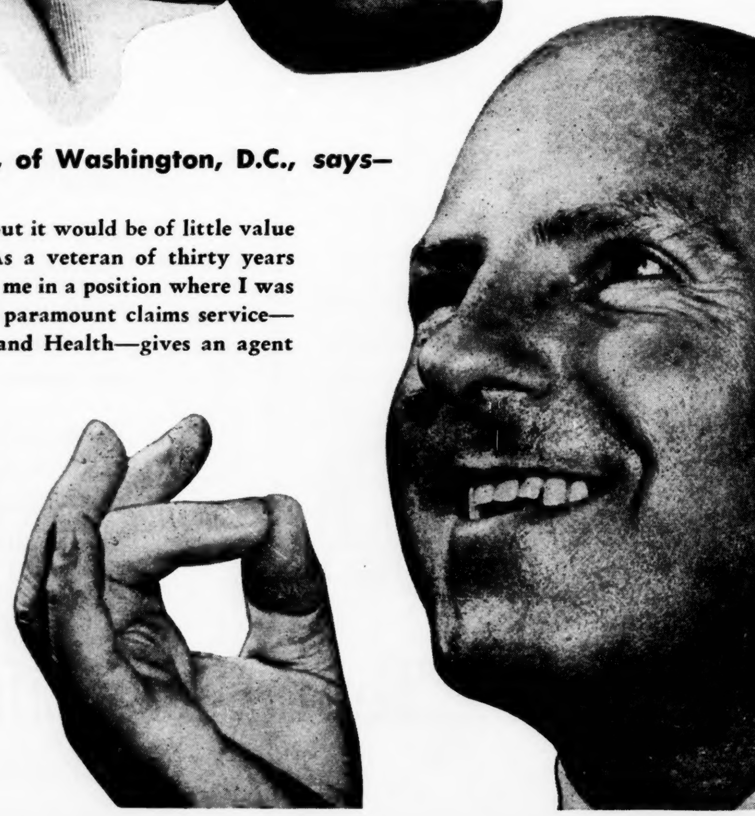
"A strong factor in my success has been the fact that I can offer complete service in Life, Accident and Health, Group, Pension Plans and Business Insurance. This wide range of facilities enables me to distribute coverage according to needs with the constant challenge of developing new lines. No client need ever call in any other agent when he is dealing with an Ætna Life man."

Mr. Krehbiel has been an outstanding representative of Ætna Life in Los Angeles since 1932. He is a Life Member of the Million Dollar Round Table . . . Director of his C.L.U. chapter . . . active member and past officer in both the Los Angeles Trust Council and Life Underwriters Association.

H. COCHRAN FISHER, C.L.U., of Washington, D.C., ***says—***

"Yes, we have breadth of service—but it would be of little value without adequate claims service. As a veteran of thirty years with Ætna Life, this has always put me in a position where I was leading from strength. Ætna Life's paramount claims service—whether Life, Group, or Accident and Health—gives an agent a real feeling of confidence."

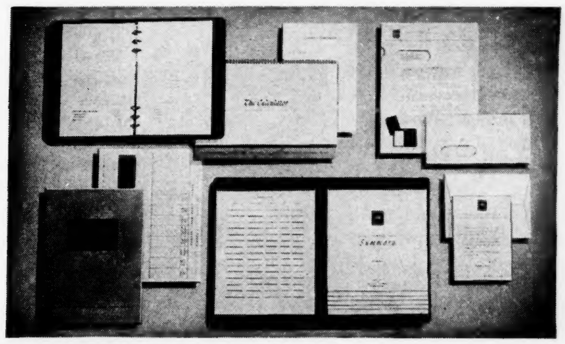
Mr. Fisher was among the first to receive the C.L.U. designation. He has represented Ætna Life in Washington D.C., since 1925 . . . is past president of the District of Columbia Life Underwriters Association . . . past member of the Board of Trustees, N.A.L.U. . . . recipient of the Bernard L. Wilner Memorial Award for distinguished service to Life Insurance.



Ætna's Prestige, Training, Selling Aids and Breadth of Line all add up to sales success

THE BREADTH OF THE ÆTNA LIFE LINE provides tremendous opportunities in the *four major areas* of life insurance selling: Family Programming, Business Insurance, Estate Analysis, and Pension Trusts. The Ætna Life salesman enjoys the additional advantages of representing one of the leading writers in the Group Insurance field. And he can *further* improve his earning power with Ætna's personal Accident and Health coverages. The Company has complete facilities for writing and servicing these plans.

ÆTNA LIFE'S TRAINING PROGRAM is thorough from the beginning. Salesmen gain the knowledge and skill to sell the broad line in all markets. There is profitable joint-work with General Agents and Supervisors. Two levels of Home Office Schools are conducted by men experienced in training for life insurance careers. In addition, continuous supplementary field and agency training helps speed financial progress.



ÆTNA LIFE'S SELLING AIDS have been tested and proved in the field. Every Ætna representative is supplied with a complete kit for each sales presentation . . . every market. Each individual piece is geared to the particular prospect, written in a language he will understand. This material helps to simplify and streamline the selling process, resulting in more successful interviews and more completed sales.

ÆTNA LIFE FIELD SUPERVISORS AND HOME OFFICE EXPERTS are always available to assist salesmen in developing such specialized markets as Salary Budget, Pension Trusts, and Group. With this assistance and Ætna Life training, sales representatives become qualified to work with attorneys, accountants, and trust officers.

BEHIND THE MAN STANDS THE COMPANY

Standing strongly behind every Ætna Life representative are the financial resources and years of experience of the Company itself. Ætna Life backs its salesmen all the way—from the moment the application is written until the claim is paid.

And the Ætna Life salesman enjoys the prestige of representing a company with a century-old success story—a company whose salesmen are daily writing individual success stories of their own.

There's a proven plan for selling every market . . . through the

ÆTNA LIFE INSURANCE COMPANY

Hartford 15, Connecticut

EDITORIAL COMMENT

Automation Threatens No Layoffs

Apparently there need be no fear that the age of automation will ever advance to such a point that the insurance home office will consist of no one but the president, whose main duty will be to turn on the electronic data processing machines when he comes to work in the morning.

So much has been said about the fact that large computers will not throw people out of work, however, that some employes may begin to suspect that the machines' proponents "protest too much."

Actually, there is sound basis for optimism. Those with the problem of getting clerical help can in all honesty feel that installation of electronic equipment will not cause any personnel layoffs.

Many companies must live with the difficult situation created by a high turnover of employes, especially in the lower paying jobs. A lot of these are clerical positions which would be eliminated by electronic data processing machines but quite a few of the clerks are young women. Many of them do not stay long in their jobs anyway.

Companies with new electronic systems will be able to avoid firing anyone simply by slowing down the rate of hiring replacements for lower-echelon jobs. Some may just stop hiring temporary employes for seasonal work peaks. At most, it might be necessary to call a halt in hiring from time to time. But no one need worry that installation of a "giant brain" will throw him out in the street.

On the contrary, with the high-speed machines doing the bulk of the dull routine clerical work, an upgrading of jobs for the work force should result as additional numbers of employes are freed for more diversified and interesting duties. Salaries should rise, too, as qualified employes turn to more complex and responsible tasks.

More and more employes at various levels are learning about electronic machines because increasing numbers of companies are installing the equipment. As a result, a professional class of electronics "experts" is emerging. Those in the know are dazzling friends and families with their superior knowledge of the jargon of automation.

They let drop puzzling words like "access time," "address," "bucket," "input," "instruction," "magnetic tape," "output," "storage," and "stored program." Although these mysterious terms may confuse the uninitiated, they really are nothing but popular words in an electronic man's lexicon which can be explained very simply.

"Access time" means the time required to call a number from the storage area of the machine and make it available to the arithmetic section where it will be used; "address" is the symbol designating the storage location of a number or word; "bucket" is a slang term for the part of a storage device which stores one number or word of information; "input" is the information delivered to the machine; "instruction" is an order to the machine to perform some operation; "magnetic tape" is a flat ribbon of metal, plastic or paper coated with a material which can be magnetized and on which information is stored by combinations of magnetized spots in certain patterns; "output" is information produced by a machine; "storage" is the ability or equipment for holding information; and "stored program" is the ability of a machine to hold instructions inside it and refer to them in specified sequence and perform the specified operations.

Automation can cut costs. And this will be reflected in lower premiums for policyholders.

But it should not be expected that electronic equipment will slash premiums to a fraction of their former size. Because of the savings aspect of life insurance, most of the money that will be paid out in the future must be paid in earlier through premiums. Automation will not create money where none existed and it will not make high interest rates on investments.

Agents should not hope that cost reductions through automation will reduce premiums to such a point that everyone will rush to buy. The reductions will not carry that much public appeal, though they may well be a factor in competition.

And in connection with competition, while a mediocre agent backed by a company with lower cost and faster service due to automation may find himself competing at slightly less of a disadvantage against the star agent whose company hasn't taken the electronic route, nothing thus far disclosed about automation indicates that by and large the well qualified agent won't continue to beat out the poorly qualified regardless of whose company has automation and whose hasn't.

PERSONALS

Carrol M. Shanks, president of Prudential, and **H. Bruce Palmer,** president of Mutual Benefit Life, will receive honorary law degrees at the fall convention of Upsala college, East Orange, N. J. on Nov. 10.

Paul Rogan

Paul Rogan, who resigned from the state senate to become Wisconsin insurance commissioner on Nov. 1, will serve until June 1, 1959, the remainder of Alfred Vande Zande's term. Mr. Rogan served two terms in the Wisconsin assembly, being elected for the first time in 1948 and reelected in 1950. He was elected to the senate in 1952 to represent the 12th district. His only insurance experience consists of part-time selling of life insurance.

Barney Nuell, Connecticut Mutual Life, Los Angeles, has written an article for *The American Salesman,* telling how he achieved high earnings and Million Dollar Round Table membership year after year.

Leonard W. Ferguson, research associate of LIAMA, discussed the use of personality tests in business before Civil Service Assembly in Cincinnati.

J. Lon Duckworth, vice-president and general counsel of Life of Georgia, has been elected president of Atlanta Kiwanis Club.

Clarence A. Jackson, president of American United Life, is Indiana special gifts chairman in the current Crusade for Freedom fund campaign. Gov. Craig is honorary chairman and Robert D. Jackson, secretary-treasurer of Pilgrim Life, is treasurer.

George Aitken, assistant general manager and comptroller of Great-West Life, has been elected to membership in Controllers Institute of America.

Harry R. Kendall, co-chairman of Washington National, has been coronated a 33rd degree Mason, the highest such honor in the order. The award to Mr. Kendall highlights an active career in Masonry since 1898.

Hal R. Marsh, superintendent of agencies of Jefferson Standard Life, has been elected president of Advertising club of Greensboro.

DEATHS

CHARLES F. NETTLESHIP, retired vice-president of Colonial Life, died at his home in East Orange, N. J. He had been with the company 50 years when he retired three years ago. He had also been a Methodist minister and was the founder of the Independent Methodist Church of Newark. A son, Charles F. Nettleship Jr., is 2nd vice-president and treasurer of Columbian National Life.

SANDROS AYSCUE, 62, manager of Home Beneficial Life at Newport News, Va., died. He was past president of Peninsula Assn. of Life Underwriters.

JAMES L. McCLANAHAN, Lincoln National Life agent at St. Louis, died at a hospital in surburban Clayton after suffering a heart attack. He entered insurance in 1946.

D. S. Vincent to Security-Conn.

Donald S. Vincent has been appointed director of selection of the recently formed Security-Connecticut Life. He joined Connecticut Mutual Life as an underwriter in 1947.

Follmann Heads Group to Assist NAIC in Studying Cancellation

J. F. Follmann Jr., general manager of Bureau of A&H Underwriters, was elected chairman of the A&H trade associations' group which is working with the subcommittee of the A&H committee of National Assn. of Insurance Commissioners to study A&H cancellations.

The first meeting of the NAIC subcommittee was held by Commissioner Gillooly of West Virginia, chairman, at Charleston, W. Va. He was the only commissioner present but the meeting was held with the unanimous concurrence of the other commissioner members.

The resolution establishing the subcommittee authorized an invitation to the A&H business to appoint a similar committee from members of the A&H organizations. A committee was constituted of the trade association members who attended and Mr. Follmann was elected.

The joint committees decided that a report on the whole subject of A&H cancellations could not be prepared in time for the December meeting of NAIC, although an interim report may be ready at that time. The groups set June as a final target date for the complete report.

Organize Bankers Fidelity Life

Bankers Fidelity Life Insurance Co. has been organized at Atlanta to write ordinary, credit life and school accident. The company will begin business with $200,000 capital and surplus. This will be increased to $500,000 by Jan. 1 and to $1.5 million a year later.

Chairman is Roy E. Smith, president of Bankers Securities Corp. of Georgia. Other officers are: Aldo Charles, head of University of Georgia insurance department, first vice-president; Lewis E. Sams Jr., Cartersville, vice-president-sales; J. T. Sigman, Monroe, treasurer; and Mildred Beer, Atlanta, secretary and assistant treasurer.

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OMAHA 2, NEBR.—610 Keeline Bldg., Tel. Atlantic 3416. Clarence W. Hammel, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad Street, Room 1127, Tel. Pennypacker 5-3706. E. H. Fredrikson, Resident Manager.

SAN FRANCISCO 4, CAL.—Flatiron Bldg., 544 Market St., Tel. Exbrook 2-3054. A. J. Wheeler, Pacific Coast Manager.

NAIC Executive Body Meets at Chicago

The executive committee of National Assn. of Insurance Commissioners held a special session in Chicago last week, the meeting coinciding with the annual convention of National Assn. of Independent Insurers. Navarre of Michigan, executive committee chairman, presided.

The open session was confined to several internal problems of NAIC after getting off to a late start because the committee had to pose for a photograph and preparations for it were elaborate.

One of the problems taken up was the question of social security benefits for NAIC employes. These people have been paying into the social security fund, but a recent ruling of the Treasury Department makes them ineligible to receive benefits. This is a confused situation which apparently calls for a resolution on the part of NAIC supported by some rulings from attorney generals in some of the states. Then the executive committee got off on the problem of whether they should dispose of any of their files. Hugh Tollack, assistant secretary in charge of the central office, said there has been nothing thrown away since 1948, and he is running short of space. After a long debate it was decided that it would be all right to discontinue saving old convention examinations and to throw out some of the general correspondence after it has lost its usefulness.

It was voted to appoint a committee to investigate the advisability of NAIC working with National Commission on Safety Education. This group will report at the December meeting.

It was also decided that in roll calls during NAIC meetings, the response will be limited to the commissioner and the names of all the members of each department no longer will be given. These will be printed in the proceedings, however. Another speedup of the conventions will be accomplished by discontinuing the practice of having a majority of committee members sign reports before they are distributed. From now on, the executive committee decided, it will be sufficient to have the chairman or the acting chairman or presiding officer sign as well as one other member of the committee.

Mass. Mutual Sales Rise $171 Million in 9 Months

Massachusetts Mutual Life sales in the first nine months amounted to $424,915,000 for ordinary, increase 31%, and $130,833,000 for group, making a total of $555,748,000, increase $171 million.

Ordinary and group in force totaled $780,794,000 at the end of nine months. Ledger assets increased by the record sum of $78.6 million, increase $7 million. The company collected $120 million in premiums and paid $104 million to policyholders and beneficiaries in the first nine months. An average of $6.5 million a week was invested in bonds, stocks, mortgages and real estate since the first of the year.

Ordinary sales set all time records every month, and the total is nearly equal to the 12 months' production in 1954.

Organize South Atlantic Life

Commissioner Larson of Florida has licensed South Atlantic Life Insurance Co. of Tampa which has $3 million authorized capital stock. It is the first company to organize in Florida since the 1955 legislature passed laws to encourage more home offices in the state.

President is Max Hill, Tampa broker. Other officers are: James W. Walter, Tampa construction company executive, and Thomas C. Auld, construction and mortgage company operator of Trenton, N. J., vice-presidents; and Ward W. Weigand, Clearwater, former vice-president and sales manager of a dental supply distribution company, secretary-treasurer. Board members are: John F. Beard, Tampa transportation executive; Raymond H. Beavan Woodward, Tampa attorney.

Security Mutual Offers Non-Can Extended A&H

Security Mutual Life of Binghamton has launched a promotion program to introduce its new non-cancellable A&H plan, the extended income protector. The plan pays continuous loss of time benefits for sickness and accident to age 65 for total disability.

The plan is designed to solve the problem for anyone who needs long range uninterrupted protection, according to Norman T. Carson, agency vice-president. Business and professional persons rarely have the chance to be part of an employe plan that will provide necessary income in event of sickness or accident. They must provide their own.

Prudential Names Peake Director of Agencies

Prudential has promoted T. A. Peake from manager at Binghamton, N. Y., to director of agencies in the home office at Newark. Arthur B. Frech, assistant director of agencies at Newark since early this year, becomes manager at Binghamton.

Mr. Peake, 29, joined the company at Binghamton in 1948 and was advanced to assistant manager in 1952. Later in the year, he was named manager.

Mr. Frech joined the company at Binghamton in 1946 and was promoted to assistant manager at Elmira in 1949. He later was named training consultant in Newark.

Guardian to Construct First Agency Building

Guardian Life will construct its first company-owned agency office building in San Diego. The cornerstone will be laid Nov. 4 by Vice-president John L. Cameron, who will visit Pacific Coast agencies after attending the annual meeting in Los Angeles of Mortgage Bankers Assn. of America.

The two-story contemporary commercial building is expected to be completed by Mar. 1. The agency will occupy one floor, with the other rented. Donald R. Campbell is manager.

Others at the ceremony will be Gordon F. Cantelon, agency director for the Pacific Coast, who will serve as toastmaster at a formal luncheon, Peter V. Cloke, mortgage secretary, and Donald M. Goodyear, assistant mortgage secretary.

President James A McRain said this may be the first in a series of new agency operations. It is felt that company-owned buildings outside congested midcity areas will prove more economical than renting agency office space.

Bryant New General Agent for Lincoln National Life

Julian A. Bryant has been appointed general agent at Richmond, Va., for Lincoln National Life. Mr. Bryant, who succeeds the late Carroll T. Scott, will have a territory including the central and western part of Virginia.

Starting with Reliance Life in 1936 as a member of the cashier's division, Mr. Bryant served in various capacities at Washington and Norfolk before going to Roanoke as supervisor in 1951.

Management Trainees Taught to Think

(CONTINUED FROM PAGE 7)

raising training to the creative level.

The trouble with the "tell-and-show" system that is reasonably satisfactory for routine jobs is that it tends to develop the trainee into a carbon copy of the supervisor. It perpetuates present attitudes, approaches, procedures, system, and personnel policies through blind allegiance to hand-me-down coaching by the management one level above the candidate being trained.

In theory the rule book of management directives eliminates the need for creative ability, since, if the directives are followed, trouble should never arise. However, trouble arises anyway and is passed from level to level upward until at some level, usually close to the top, some creative thought appears and a decision is made, a directive is written and the book of rules adds another page or two.

"Hours are spent in discussing ways and means of getting management decisions made at the lowest possible level," Mr. Derby observed. "What is frequently overlooked is the fact that decisions cannot be made at the lower levels because those levels have been trained not to think but to 'refer.'

"The objective of Metropolitan's management training is to encourage thinking by our management. They know the rules and the reason for the rules. We are interested in teaching them to meet situations that require decisions, to make those decisions, and to place them in operation within the framework of company policy."

Metropolitan makes considerable use of role-playing or the "acting out" of a situation so the trainee group can see it in action. It can be very effective if correctly used but as with sales demonstrations a weakness is that the characters in most role-playing situations seldom say what is actually said in a real-life situation. Unless they do it, "the advantage of this tool is reduced to a pleasant diversion," said Mr. Derby. Proper use of role-playing restricts it to situations where what is said and how it is said are of prime importance and the "attack" side of the situation, at least, must be extemporaneous.

A second weakness is that the setting is unrealistic in that the individual being trained is at the same time being observed by his fellow trainees. This has been largely remedied by using a tape recorder as the only "witness," although it would be still better if this, too, could be eliminated. Later the trainee group sees the characters go through the interview but with the recorder furnishing the sound.

Role-playing should be limited to situations where it makes sense—that is where the human element is present. If the training is in budgeting, in procedure analysis or in many other areas, there is no advantage to acting it out. On the other hand, for fact-finding, for conference leadership training, and for survey techniques, it is used frequently.

In training for conference leadership the instructor plays a different and difficult character for each conference leader trainee. One time he is an affable talker who has to be tactfully kept from monopolizing the time. Another time he is a crotchety old-timer. Still another time he plays the fellow who would like to lead the conference. These are real, unrehearsed situations. They must be, in order to develop a real conference leader.

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A second effective technique for developing creative thinking management is the use of case problems and illustrations. The objection to case problems is the tendency to make them too easy and the solution somewhat obvious. Actually, the problems should parallel actual management conditions, modified only to preserve anonymity. Metropolitan has created several divisions of a mythical XYZ Life Insurance Co., the data on which has now developed to the point where it fills a four-inch-thick binder.

These case problems help avoid production of carbon-copy management. For one thing, Metropolitan has established a flat training rule: Every training course must use at least one case problem and it must be a comprehensive one. Every educational course must use at least one case illustration and preferably the illustration should be broad enough to "carry" the program.

Every trainee has an assignment to complete and every assignment must be reviewed. In the review, the training staff avoids "telling."

"Hours have been spent in training our instructors to teach by indirection," said Mr. Derby. "That is, we question the trainee to one of two conclusions. The one we hope he will develop is a complete and fool-proof solution. This means we cannot find a major omission or flaw in the solution. The solution does not necessarily even resemble the one we would have produced. The second possible conclusion to this quizzing is the realization by the trainee that there are yet unanswered problems in his solution."

There are several other benefits in the method. One is that there is little or no complaint that the programs are theoretical rather than practical. Another is that since each program is usually started with a problem those in attendance quickly see without being told that they need the training. Third, since the courses mix management "horizontally," each candidate discovers that his problems and those from other activities are basically the same.

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"I wish we had time to demonstrate the questioning technique to you today," said Mr. Derby. It is time-consuming. It is exhausting for the instructor. But it produces a thinking individual, with confidence in his ideas and the ability to stand questioning of an extremely searching kind. The pay-off to us of the training group is in the satisfaction we get out of bringing out latent talent instead of producing carbon copies of ourselves. You, too, can have a pay-off of this nature if you will set up real objectives, a careful program of selection, and a program of education and training that seeks to capitalize thinking ability that many people are forced to waste.

Walker to Republic Nat'l

J. Edward Walker has been named manager of Republic National Life at Aurora, Ill.

Mr. Walker formerly was with Great-West Life at Decatur, Ill., where he is president of the life underwriters association. He has had management experience.

Prudential Match Books Win Award

Prudential's southwestern home office at Houston has been awarded the "Joshua" plaque by Match Industry Information Bureau for the most distinguished use of match book advertising by an insurance company in 1955. Prudential's matchbook program was selected by a panel of judges on the basis of artwork, typography and selling value of four headlines and illustrations. The match books were the cooperative type, with space on the back cover for agents' imprints.

Supervision Job More Complex in Combination Agency, Managers Hear

Supervision in a combination agency is more complex and covers more areas than in an ordinary agency, according to London Life's city manager in Toronto, Russell H. Freeman, who spoke before LIAMA's Atlantic Alumni Assn. in Rye, N. Y.

To substantiate his claim, Mr. Freeman cited "the debit collections and service work required." He said that because this situation exists, "we give great care to this important phase of management and we try to see that needless supervision is eliminated."

He said "it is highly desirable to supervise in a combination agency with a minimum number of reports and check systems." In his own agency, he said, "we periodically review our methods to determine the value of every record."

Describing supervisory techniques in his own agency of 41 men and six assistants, Mr. Freeman said he uses "the management team basis, with methods, principles and objectives all discussed freely before being adopted."

What should supervision accomplish? Mr. Freeman said he believes that supervision is not policing, that it should exploit trends pointing to success and thus accelerate an agent's growth, that it should prevent trends which might lead to trouble if not averted, that it should close the gap between desired and actual human performance, and that human relations play a very important part in effective supervison."

Explaining supervision procedure in his agency, Mr. Freeman said that new agents are assigned to a two-week training school at the head office in London. On return to the agency, the new man finds an assistant manager working with him constantly for three weeks.

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During subsequent weeks the assistant keeps in close touch with the agent's work and progress. Mr. Freeman said "most of the time during this introductory period is spent in joint field work, office drills and review periods conducted in the agency with the manager also participating."

Other procedures were outlined, culminating at the end of the new man's first year with a day spent with the manager in the field, plus a meeting with the agent and his wife and an anniversary discussion of progress.

Mr. Freeman said supervision of agents' accounts is an important phase of the work.

Audits of each debit are conducted every 18 months and over a two-week period. Before starting on a field audit, an interview with the agent and assistant manager (conducted by the manager) is very helpful in preparing the agent to get the most out of this field work with the assistant manager.

He reminded his listeners of the need to condition the agent's mind to accept supervision for his success.

Mr. Freeman spoke of reviewing an agent's progress as routine procedure in his agency. At the first of the year, agent, assistant and manager get together to discuss in detail the agent's over-all plans, including his sales objective and his income objective for the year.

He explained that when the entire agency has been interviewed, " we are able to arrive at our agency objective for the year."

In addition to observing and coaching through the medium of joint field work, Mr. Freeman said each assistant makes it a practice to have office drill and rehearsal periods of sales presentations, approaches and closing techniques during the fall and winter months. These are conducted during the afternoon, at a time in the month when it has the least effect on an agent's collecting and selling time.

Alice R. Hare Retires

Mrs. Alice Roche Hare, director of sales education of Provident Mutual Life or four years and the second woman officer in company history, has retired.

Mrs. Hare, first with a Provident Mutual agency, later organized a service bureau and a department of sales promotion of which she became manager. She originated what is said to be the first organized direct mail service offered by a U. S. life company. She has served as president of Philadelphia CLU chapter and on the board of American Society of CLU.

Provident Mutual Up 14%

Provident Mutual Life sales for the first nine months totaled $127,863,000, increase 14.3%. July, August and September sales were the best in history. Insurance in force rose to $1,698,322.

Robert R. Shinnick was honored by western Michigan representatives of Metropolitan on his 30th anniversary with the company. Mr. Shinnick, a past president of both the Michigan and Muskegon Life Underwriters Assns., joined the company in Baltimore in 1925, later going to Michigan where he has been manager at Muskegon for 12 years.

New business of **Bankers Life of Iowa** for September totaled $21,739.897, an increase of more than $7½ million over the same month last year. Of this total $12,091,129 was ordinary. Group totaled $9,648.768. Production for the first nine months totaled $180,-163,829.

M. C. Caddell, formerly an agent in Jacksonville, Fla., for Connecticut Mutual Life, has been appointed **brokerage** manager in Occidental Life of California's office in Jacksonville. He entered the life insurance business five years ago and was a member of Connecticut Mutual's Quarter Million Dollar Club.

Name Helen Kullgern to NALU Membership Post

National Assn. of Life Underwriters has promoted Miss Helen Kullgren to the newly created position of director of membership promotion.

Miss Kullgren, who joined NALU in 1952 and has been cashier since May, started with Teachers Insurance & Annuity Assn. in 1938 and joined Life Underwriter Training Council in 1948.

Hancock Names Goerig

Paul R. Goerig, assistant manager of John Hancock at Allentown, Pa., has been named regional supervisor-administration of the southeastern territory. He joined the company at Allentown in 1947 and was appointed assistant manager of the Easton detached office two years later.

Mass. Mutual Group Appointments

Massachusetts Mutual Life has appointed L. Basil Savard, Edward W. O'Malley and Charles E. Hart district group representatives at Atlanta, Cleveland and Houston, respectively. They graduated from the group sales training school last year and have undergone six months' supervised field training at regional group offices.

McElwrath Cites LOMA in Training Leaders

Leadership training is one of the most important responsibilities of management, and LOMA students and graduates are key men in this work in the life business, G. Thomas McElwrath, vice-president of New York Life, said at the first fall meeting of Society of LOMA graduates in New York City.

Although there is no complete substitute for years of experience and apprenticeship, organized training is the only known means of enabling inexperienced personnel to assume responsibilities of management, Mr. McElwrath said. LOMA students are the "fusion experts" in life insurance management who will determine whether the individual company's leadership training program will be disturbing or beneficial. The effectiveness of the application of what is learned will determine the power of the chain reaction to employes and, through them, to agents and policyholders.

Keith W. Kingwell, an agent for Southland Life at Portland, Ore., since 1950, has been transferred to the home office at Dallas as agency field assistant in the ordinary division.

Say Retirement Plan Rights Irrevocable; Go to Court

ST. PAUL—Equitable Society is made a party to an action brought in district court at St. Paul by a large group of employes to recover what they claim is due under a company pension plan carried in Equitable.

The plaintiffs were employes of Griggs, Cooper & Co., a large food firm which in 1953 was taken over by Consolidated Foods Corp. of St. Paul. The suit is against the latter company and the Equitable. It is alleged that the plaintiffs were members of a retirement income plan which was contributed to by both them and the firm.

The plaintiffs contend that the defendants want the employes to cancel the retirement plan annuities and accept the return of their own contributions to the fund. The former employes claim they have an irrevocable right to the annuities and they are asking the court for a declaratory judgment.

Massachusetts Mutual Life will award a plaque at its Leaders club conference next April to Hillard J. Aronson, Springfield, Mass., for winning the field championship for the 29th home office school. He sold $558,875 on 42 lives to rank first in paid volume, second in paid lives and third in commissions.

Conn. General Opens Chicago Broker Agency

Connecticut General Life has opened a brokerage agency in the Insurance Exchange building, 175 West Jackson boulevard, Chicago, with Edward N. Cheek Jr. as manager.

The agency served independent insurance brokers in providing all forms of life, A&H and group. Mr. Cheek, who joined the company at New York City in 1951, has been head of the brokerage agency in New Orleans.

Coe to Berkshire Board

John A. Coe Jr., president and board member of American Brass Co., Waterbury, has been elected to the board of Berkshire Life. He fills the vacancy caused by the death of Richard H. Gamwell.

LIAMA Publishes Survey of Basic Costs for Attending 600 Colleges

LIAMA has published a survey of basic costs for undergraduate attendance at 600 U. S. and Canadian colleges and universities. LIAMA undertook the job to avoid duplication of effort among individual companies.

Many college officials said they hoped the survey would replace individual company questionnaires. Seventy-five percent of the surveyed colleges replied.

Name of the school, its location and type, enrollment, and fixed costs are included in the report. Costs include tuition, room and board, and fixed fees. The report is available only through the home offices of member companies.

Moore to Commonwealth as Agency Supervisor

William M. Moore has joined Commonwealth Life at Louisville as supervisor of branch office agencies.

Mr. Moore, in insurance since 1946, has been with Life of Virginia, Atlantic Life of Virginia and Guardian and most recently as South Carolina manager for Guardian.

United L.&A. Removes Limits

United L.&A. has removed limits on life insurance issued on any one life. Maximum amount previously issued was $200,000.

Has New Industrial Plans

Life & Casualty of Tennessee has brought out three new weekly premium policies: Endowment at 85, endowment at 60 and 20 payment endowment at 65.

Massachusetts Mutual Life has awarded Mrs. Jean P. Landen $125 for a suggestion that will make policy loan department operations more efficient. Ten other employes also received cash for ideas leading to saving.

Stock of American Guaranty Promoters Is Canceled

SALEM, ORE.—The supreme court has upheld a Multnomah county circuit court, which cancelled the stock of promoters of American Guaranty Life.

Justice Tooze severely reprimanded the promoters who he said displayed sharp practices and inequitable conduct "which although perhaps technically lacking the elements of actionable fraud, nevertheless are sufficient to cause a court of equity to view them with disdain."

The suit was brought by stockholders led by Miles H. Furo and it was pointed out by Justice Tooze that class A shareholders who provided $198,000 in capitalization were outvoted through an organizational plan which gave control to promoters who had put up only $2,000.

Justice Tooze held that an insurance company is prohibited by the plain words of the law from issuing two or more classes of stock and it was proper that the class E stock be cancelled since the class A stockholders provided the capital enabling the company to start business.

As a matter of simple justice defendants should not be permitted to reap the benefits of their fraudulent conduct by having the validity of the class B stock confirmed, the court said.

John Hancock held a 12-day basic school in selling techniques for 29 agents who have received five to 12 months' instruction under general agents.

O'Connor Cites Dangers of Extending Social Security Benefits to Disabled

Amending the social security law to provide full benefits to the totally disabled was the topic of a debate between E. H. O'Connor, managing director of Insurance Economics Society, and Congressman Yates of Illinois, before the Catholic Labor Alliance at Chicago.

Mr. Yates argued that there is no reason why such benefits could not be granted under the social security act. Mr. O'Connor recalled that some years back life companies included "permanent and total" disability clauses in their policies, and in spite of most efficient operation "they could not control the situation and in 1931 were forced to abandon the sale of this coverage."

Mr. O'Connor said the idea of total and permanent disability was proposed to Congress in 1950, but did not materialize. In view of adoption of the "freeze amendment" by Congress in 1949, he contended that time should be allowed to lapse "to see what experience would be developed under this latest amendment before going further into very doubtful territory."

Mr. O'Connor reviewed the manner in which the present pending bill, HR-7225, was drawn in executive session by the House ways and means committee, brought out on the floor under a "suspension of the rules" and passed by the House without holding a public hearing. He termed such procedure "most unusual," especially in the drafting and proposing of a bill in secret session when it affects the lives and incomes of 65 million persons.

Basing his main argument on the present financial condition of the social security trust fund, Mr. O'Connor presented as evidence a report made by the Curtis committee in 1954. He also quoted Sen. Byrd who in his appearance in Chicago a few days earlier stated that the social security system no longer is actuarially sound and that addition of disability payments to those 50 years of age or more as a "health insurance" function was beyond the scope of the act.

Mr. O'Connor urged that a thorough and unbiased study be made of the entire social security act since its inception up until the present time, noting that no such worthwhile study has been made since the act went into effect 18 years ago.

Green Retires; Fidelity Mutual Names Marshall

Thomas M. Green, general agent of Fideltiy Mutual Life at Baltimore for 42 years, has retired from management duties but will continue in personal production.

Richard K. Marshall has been named his successor. Mr. Marshall, in the business since 1949, has been associate general agent of New England Life at Baltimore.

Indianapolis Life Runs Seminar

Nineteen agents of Indianapolis Life attended a five-day tax and business seminar at Turkey Run State Park in western Indiana. They studied uses of life insurance for tax and business purposes and for estate planning.

Ivan V. Snyder, educational director, conducted the program. He was assisted by E. H. White, vice-president or R & R; Raymond Hilgedag, tax and insurance lawyer; and Grant Johnson, manager of the home office agency.

Majestic Ins. Co. Formed in Texas

Majestic Ins. Co. has been formed in El Paso, Tex., and expects to begin selling life insurance this month.

The company is headed by Milton D. Feinberg. Other officers are Ernest Friedman, 1st vice-president, Sam Katz, 2nd vice-president, Hymer E. Rosen, secretary and general manager, and Seymour D. Bendalin, treasurer. All are El Paso businessmen.

Ohio State Life Tops $300 Million in Force

Ohio State Life now has more than $300 million of insurance in force, President Frederick E. Jones reported at the quarterly meeting of directors.

It took the company 33 years to reach the first $100 million of insurance, 10 years to reach the second $100 million and only six years to pass the third $100 million in force.

Insurance in force for the first nine months gained $15,500,000, compared with $10,865,000 in the corresponding period a year ago. Paid for business for the first nine months was up 23% over that of the same period in 1954, and September production of $5,400,000 was an increase of $1,300,000 over September of last year. A&H sales were up substantially in the third quarter.

Mutual Benefit Agents to Meet

Fifty-two leading first-year agents of Mutual Benefit Life attended the 1955 First Year Leaders club meeting Nov. 2-4 at St. Moritz hotel, New York City, and at the home office. Talks, round table discussions, a banquet and luncheon highlighted the program. Company executives and first-year agents spoke.

Southern Equitable Starts With $100,000 Capital

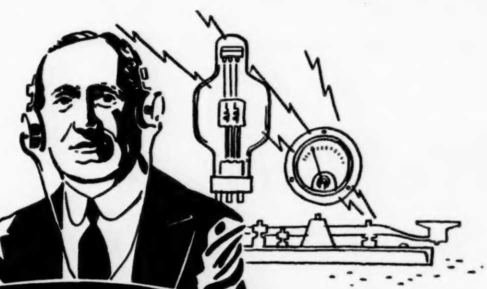
Southern Equitable Life, whose organization at Little Rock was reported in a recent issue, is beginning with paid-in capital and surplus of more than $100,000. The company, already licensed by the Arkansas department, presently will confine its operations to Arkansas.

Lowell E. Cruse is president. He has 20 years of life insurance experience, both as a personal producer and in supervisory work. For five years he was with First Pyramid Life of Little Rock. C. L. Seemel, the secretary-treasurer, for 10 years was assistant secretary for Dixie Life & Accident of Little Rock. Douglas Cruse Sr., in life insurance since 1935, is vice-president. Dr. E. J. Munn is medical director.

Southern Equitable has its home office in the Rector building.

To Shenandoah Board

Dr. John R. Everett, president of Hollins college at Hollins College, Va., has been elected to the board of Shenandoah Life. President of the college since 1950, he served as delegate chairman to the third and fourth annual conferences of UNESCO in 1952 and 1953.



IAAHU Board Selects St. Paul for 1957, Hears Tentative Schedule

Selection of St. Paul as the 1957 convention city, an increase in the qualification requirements for the Leading Producers' Round Table, the creation of a new committee on internal relations, and the adoption of an official symbol were among decisions and actions of the board of International Assn. of A&H Underwriters meeting in Miami.

John Galloway, Provident L.&A., Birmingham, interim director of the Disability Insurance Training Council, reported that 10 companies have purchased substantial blocks of advance tuition certificates for DITC courses throughout the country. He also reported that in addition to the courses now running, 10 more are scheduled to start before the end of the year, and six are in a preliminary planning stage. Courses definitely scheduled are North Carolina, Tampa, Newark, two in Michigan (Grand Rapids and Flint), Washington, D. C., St. Paul, Miami, and two in Wisconsin. Courses in the planning state are Baltimore, Charleston, W. Va., North Dakota, Orlando, and Philadelphia.

Howard Nevenon, Washington National, Los Angeles, membership chairman of IAAHU, reported an 18% increase in membership for the year to date over 1954. He stated that his studies indicate that 10% of the A&H premium in the country is being written by men who derive 90% or more of their income from A&H alone and that casualty men receive 5% or less of their income from A&H and life men about 10%.

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Plans for next year's convention to be held in Miami, June 13-16, were announced and included Commissioner Larsen of Florida and Sen. Smathers as speakers. Chairman of the convention is Earle Bennett, Provident L.&A., of Miami.

Qualifiers of the Leading Producer's Round Table must now be members of IAAHU not only at the time of membership application but for the entire period during which qualifying business is produced. Effective for 1957, $10,000 annualized premiums will qualify for the bronze award; $15,000, silver award, and $20,000 for the gold award.

Vice-president E. J. Coffey, Mutual Benefit H.&A., Portland, was named director of internal relations.

United of Chicago Dividend of 15¢ Follows Stock Split

United of Chicago has paid a quarterly dividend of 15 cents per share as its first payment to stockholders following a 30 for 1 stock split.

Previous quarterly dividend payments were at the rate of seven cents per share on the new stock. The investment banking houses of R. S. Dickson & Co. and A. C. Allyn & Co. will soon make a public offering of United stock.

Shaw Heads Keystoners

Howard D. Shaw, director of public relations of American College, has been elected chairman of Keystone group of Life Insurance Advertisers Assn.

Alfred H. Wassynger, agency assistant of Continental American Life, was chosen secretary and Toby Strong, assistant editor of Fidelity Mutual Life, was placed in charge of publicity. William D. Elton, editor of *U. S. Review*, continues as program chairman.

Form New Life Company in Ga.

Banner Life Insurance Co. has been organized at Brunswick, Ga., to write life, A&H, hospitalization and group credit life. The company will specialize in industrial with a separate division for ordinary.

Capitalization will be 20,000 shares of common stock with a par value of $5 a share. It will be offered to the public at $15 a share. A group of Brunswick businessmen is forming the company.

Richards Joins Manhattan Life

Elliot T. Richards Jr. has been named brokerage supervisor of James G. Ranni agency of Manhattan Life in New York City. Mr. Richards has been with New York Life as a supervisor.

Associates Income, Ind., Appoints C. E. Ray V-P

Charles E. Ray, manager of the A&H department of Indianapolis Life, has been appointed vice-president and manager of Associates Income Ins. Co. of Indianapolis. Mr. Ray is the third Indianapolis Life home office executive to join the Associates group in the past month. The appointment of Newell Munson, general counsel, and R. Meyer, assistant manager of agencies, as president and agency vice-president, respectively, of Associates Life, an allied company, was announced three weeks ago.

Before going with Indianapolis Life in 1954, Mr. Ray was in the A&H department of Hoosier Casualty for 2? years. He is a former director of International Assn. of A&H Underwriters, past chairman of its public education committee and currently a member of its educational committee. He is a past president of Indiana Assn. of A&H Underwriters.

The Associates companies were formed in 1953 and currently have in force about $7 million of life insurance and $120,000 of A&H premiums. The companies offer group in both life and A&H, but in the immediate future will stress ordinary and commercial. A completely new line of life and A&H policies is planned.

Dye to Training Post

New York Life has appointed J. Gordon Dye training supervisor for Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania and Virginia. He has been assistant manager at Pittsburgh, where he joined the company in 1945.

Indianapolis Life has entered Wisconsin, and now operates in 10 states.

STORMY COUNCIL SESSION

Los Altos Delays Vote on Banning Canvassing by Insurance Agents

LOS ALTOS, CAL.—The city council meeting here that was scheduled to act on an ordinance amendment barring insurance agents from making calls except on invitation adjourned after a stormy session without taking action. The next meeting will be Nov. 15.

A highly vocal audience, the largest in the council's history, alternately booed the council and cheered the speakers, who represented the insurance business, as councilmen and the mayor had belligerently baited several of the speakers.

It was not until about 10:30 p.m., when the audience had waited through several hours of routine business, that the amendment to the city's "green river" ordinance came up for discussion. The ordinance does not now specify that insurance agents are included among those who are forbidden to make calls except upon invitation. The amendment is designed to make it clear that insurance agents are prohibited from making such calls.

Lead-off speaker for the insurance people was William J. Greene, local agent for John Hancock. Others who spoke against the proposal were R. Edwin Wood, Phoenix Mutual Life, San Francisco, legislative chairman of the California Assn. of Life Underwriters; Wallace Ott, representing Peninsula Assn. of Life Underwriters; Marvin Tepperman, representing the life agents as counsel; Francis Keesling Jr., 1st vice-president and general counsel of West Coast Life; John Riordan, San Francisco lawyer representing Metropolitan Life; Kenneth Putney, president of Sequoia Fire, and Harry Kutchins, counsel for State Farm.

N. Y. CLUs Hear Goldberg

NEW YORK—CLUs typify more than anyone else the agency thinking of the companies they represent and can do much to eliminate misconceptions about ratios of assets to liabilities, surplus to liabilities, and the like, which can be entirely misleading unless all the circumstances are known, said Milton J. Goldberg, assistant superintendent in Equitable Society's agency department, at the meeting of the New York City CLU chapter.

Mr. Goldberg, a fellow of Society of Actuaries, also delighted his audience with the dead-pan humor for which he is famous.

Chapter President Daniel P. Cahill, who is manager for Mutual of New York at Brooklyn, conducted the ceremonies at which diplomas were presented to the new class of CLUs. Executive Vice-president Harold Stewart of Prudential gave the CLU charge.

FRANK D. BUSER, 70, Fidelity Mutual Life, Philadelphia, died. He was a member in 1916-17 of National Assn. of Life Underwriters executive committee. He was vice-president for 25 years of Insurance Federation of Pennsylvania, Inc.

LAWRENCE W. SMITH, 65, former general agent of National Life of Vermont at Portland, Me., died in Brunswick, Me., hospital after an illness of several years. He entered the business in 1930 and retired six years ago.

PETER J. STAUDT, 85, who retired in 1933 as manager of Metropolitan Life at Elkhart, Ind., died at his home there. He had been ill since June.

17 Life Company Stocks Show Losses in Month

Seventeen of the 21 most actively traded life company stocks, for which figures are compiled by Shelby Cullom Davis & Co., New York City insurance stock and municipal bond specialists, showed decreases in asked prices in the past month. Three showed increases and one showed no change.

Decreases ranged from one-half to 17 points. Companies whose stock showed increases were: Lincoln National Life, up 10 points, Southland Life, five points, and Life & Casualty of Tennessee, up 1½ points.

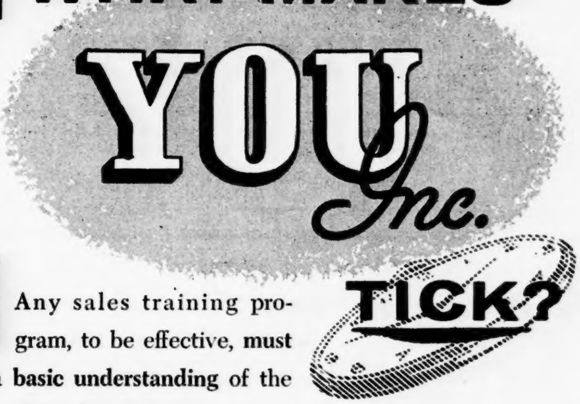
The fact that Travelers is selling at 84¼, off nearly eight points in the last 36 days, after having sold up to 122 since its stock split, is regarded as a temporary unusual situation, due mainly to the fact that a large number of short-term buyers got into the picture.

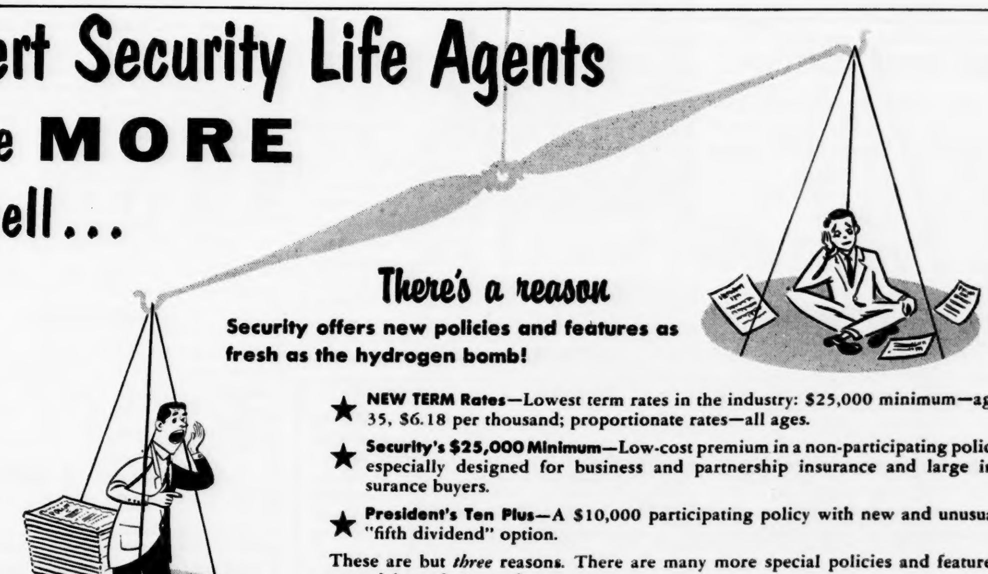
Aetna Life	200	205	−10
Beneficial Standard	30¼	31¼	− 2¼
Colonial	120	125	−17
Columbian Nat.	92	96	− 9
Conn. General	530	550	−10
Continental Assur.	182	187	− 1
Franklin	95	96½	− ½
Great Southern	102	109	− 1
Gulf Life	32½	33¼	− 3¼
Jefferson Standard	119	122	−10
Kansas City Life	1500	1535	−15
Life & Casualty	34¾	35½	1½
Life of Virginia	134	138	−15
Lincoln Nat.	478	485	10
Missouri Ins. Co.	25½	26½	− 3½
Monumental	88	90	− 2
National L.&A.	90½	92	− 0
Northwestern Nat.	94	98	− 3
Southland Life	215	225	5
Southwestern Life	180	190	−10
Travelers	83	84¼	− 7¾

Miles Shaeffer, V-P of United Benefit, Retires

Miles Schaeffer, vice-president and one of the founders of United Benefit Life, has retired after 29 years service.

In 1919 when the Indiana insurance department was changed from a subsidiary of the auditor of state to a separate unit, Mr. Schaeffer was appointed to serve as the first commissioner. He has been a director since organization of United in 1926, serving initially as secretary and as vice-president since 1949.





Richard Vernor Joins Washington ALC Staff

WASHINGTON—Richard E. Vernor, formerly with veterans administration, House judiciary committee and Rubber Manufacturers Assn., is joining the Washington staff of American Life Convention. He is a graduate of George Washington university law school.

WANT ADS

Rates—$18 per inch per insertion—1 inch minimum. Limit—40 words per inch. Deadline 5 P. M. Friday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER—LIFE EDITION

Accounting Manager Wanted
Opportunity Unlimited

We need a real honest-to-goodness, fully experienced, combination Chief Accountant, Office Manager, Underwriter, Money Manager, Personnel Director, etc., someone with home office experience in an insurance company and can take complete charge of our office and loves responsibility and hard work. A man who is a real executive and can be a Simon Legree when it comes to getting work out. The right man, because of his own ability, will naturally become an officer of the Company when he proves himself and he will be allowed to acquire an ownership interest.

Instead of hitching your wagon to a star, you can become one of the stars. We will soon be operating in most southern states and South America. The Gulf Coast is booming, the climate is wonderful, our business is coming in fast, and we have put on the books in the last twelve months over 8 million in Life and a big volume of A & H, Hospitalization and Group Insurance.

Send me your qualifications and reasons for desiring this opportunity and what you expect. All reply confidential.

George C. Wilkinson, President
Pan-Coastal Life Insurance Company
561 Government Street
Mobile, Alabama

FIELD SUPERVISOR

Can YOU qualify as a Field Supervisor in our expansion program?

YOU will receive a top salary plus all expenses. YOU should be under 40 and have both Life and A&H experience in personal selling, training, and supervising. YOU will spend most of your time in the field with our managers and agents.

Federal Life, chartered in 1899, is strong and progressive. We have an ideal selection of policies and the strength and enthusiasm to sell them. Write giving full details (all replies confidential) to Emery A. Huff, Vice President & Superintendent of Agencies, Federal Life Insurance Co., 168 N. Michigan Ave., Chicago 1, Ill.

HOME OFFICE ASSISTANT

50 year old company has opening for an experienced life man to assume the responsibility of managing an expanding Regional Home Office Life Department. This is a wonderful opportunity in Florida for someone with a general overall home office background. Write giving full personal data, experience, and training. Replies confidential.

Box H-86, The National Underwriter Co. 175 W. Jackson Blvd. Chicago 4, Ill.

DIRECTOR OF AGENCIES

Here is an unusual opportunity for a person with the necessary experience and qualifications to serve as Director of Agencies of a fast growing and aggressive ten year old Southern Life Insurance Company. If interested send recent photograph of yourself, together with full details of your experience, qualifications, educational background, age, family status, full name and address. Salary and Bonus commensurate with ability and experience. Your reply will be treated strictly confidential. Address Box H-77, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

EXECUTIVE VICE-PRESIDENT

for over-all management of young, progressive mid-western company writing life, accident and sickness.

This is an unusual opportunity for a person with experience in agency development and management.

Write giving full personal, business data and salary range.

Address Box H-98, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

ACTUARIAL OPPORTUNITY

Strong, medium sized eastern company has opening for a man who has Associateship standing in the Actuarial Society or who has passed three or more parts of the examinations. This is a splendid opportunity for a student to broaden his experience. His responsibilities will not be confined to one department and possibilities of advancement are excellent. Present standing and business experience will be given appropriate recognition.

Send replies with outline of experience and personal information to: Box H-97, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

Conn. General Revises Group Annuity Rates

Connecticut General Life has put into effect a new rate basis for group and deposit administration contracts.

The company also has revised compensation schedules for agents and brokers on sales of group annuity and group permanent.

The new rates reflect a higher interest guarantee, mortality improvement and lower loading for expenses.

In deferred annuity contracts the 4% surrender charge on termination credits is eliminated and the minimum number of lives for deposit administration contracts is lowered to 25.

Penn Mutual Appoints Stewart and Walsh

Penn Mutual Life has appointed Maurice L. Stewart and Eugene C. Walsh general agents at Minneapolis and Milwaukee, respectively.

Mr. Stewart joined the company at Topeka.

Mr. Walsh joined at Newark and later went to New Haven, becoming unit manager at Bridgeport. He succeeds Dustin Miller, who resigned management duties to return to personal production.

Mr. Stewart and Mr. Walsh have completed the general agents in-training program.

Novier Wins Top Trophy

The president's trophy of North American Accident of Chicago has been awarded to Walter R. Novier, general agent at Baltimore. The trophy goes each year to the agency that writes the largest volume of life business during October, president's month.

CREDIT LIFE SALES

Growing Eastern Credit Life Company offers challenging sales opportunity to experienced Credit Life and A & H representative. Applicant should be self starter, good organizer, willing to relocate and travel, possess an above-average sales record and have a sincere desire to carve for himself a top executive position in the company.

For **OPPORTUNITY UNLIMITED** write telling complete facts about yourself to Box H-96, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

AN OUTSTANDING OPPORTUNITY FOR AN OUTSTANDING MAN

Thoroughly experienced Life and Accident & Health man to assume duties of top management in substantial Ohio general insurance agency now further developing recruiting and training essential. Opportunity to purchase stock in company in addition to attractive salary and profit sharing plan. Make this an exceptional opportunity.

Tell us why you think you are the man for the job. All replies strictly confidential. Address Box H-99, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED

Accident & Health Claim Supervisor. Downtown location. Company benefits, excellent working conditions. GENERAL ACCIDENT, FIRE & LIFE ASSURANCE CORP., 2nd floor, 223 W. Jackson Blvd., Chicago 6, Ill.

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PENSION ACTUARY WANTED

Consulting actuarial firm specializing in pensions has unusual opportunity for Fellow or Associate who will become Fellow. Pension administrative experience desirable. Write Box J-1, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

Life of Ga. to Realign Field Management

Life of Georgia will put into effect Jan. 1 a new territorial alignment, reducing the top field management areas to four zones.

The new zones and their directors are: zone 1, consisting of Georgia and Florida, Claude D. Cothran; zone 2, consisting of South and North Carolina and Virginia, John M. Jackson Jr.; zone 3, Kentucky, Tennessee and Alabama, A. W. Read; and zone 4, Mississippi, Louisiana and Arkansas, G. S. Cutini.

Mr. Cothran, who now is director of the Carolinas and Virginia, will move to zone 1 to succeed Cliff C. Hewitt, who will retire. Mr. Cothran has been with the company since 1927.

Mr. Read, with the company 30 years, now is in charge of Mississippi, Tennessee and Kentucky.

Mr. Jackson has been manager of the claims department since 1952 when he was transferred from managership of the North Carolina division. He was with Metropolitan Life for 13 years before joining Life of Georgia in 1943.

Mr. Cutini has been director of training since 1951. He joined the company in 1948 after seven years with Metropolitan Life.

Guy T. Dobbs Sr. will become coordinator of agency operations in the home office. He now is director of agencies in Arkansas and Louisiana.

New York Life Opens Columbus, Ga., Office

New York Life has opened a sales office in Columbus, Ga., with Charles B. Dennard, assistant manager at Atlanta, in charge.

The new office is affiliated with the Atlanta branch, headed by Luther M. Byrd, inspector of agencies, and Jack E. Branch Jr., associate manager. The Columbus office will enable the company to increase its service to policyholders in the Columbus area.

C. A. Smith to Group Post

Massachusetts Mutual Life has appointed Charles A. Smith district group representative at the new district group office at Milwaukee.

Mr. Smith in the business eight years, joined the company in 1950 and, after group sales training, went to the midwestern group office at Chicago.

Confederation Ups Dividend

Confederation Life plans a general increase in dividends averaging about 10% in 1956 which will parallel the increase effective last Jan. 1. The improved dividend scale applies at most ages and durations on Confederation's regular life and endowment plans.

In addition, Confederation has liberalized the basis for converting cash dividends to paid-up additions. The interest rate credited to dividends on deposit has been increased to 4%.

Travelers Issues Modified Ten

Travelers has brought out a $10,000 minimum policy called the "modified 10-life." Premiums are payable for life, the initial rate without premium waiver disability doubling after the first 10 years. Annual premiums for the first ten years are:

Age	Prem.	Age	Prem.
16	$ 6.59	40	$15.19
20	7.49	45	19.12
25	8.75	50	24.40
30	10.15	55	31.79

Arnold Harmelin agency of Columbian National Life in New York City is holding a free 50 lecture course, beginning Nov. 2, to prepare brokers for the New York state Life agents' examination on Nov. 17.

Elect Carlson President of Selection Men

(CONTINUED FROM PAGE 1)

wealth Life, Dr. Donald E. Yochem, medical director of Nationwide Life, presented a paper on "Diabetes". Although each diabetic applicant must be individually underwritten, Dr. Yochem asserted it is desirable to have some kind of working classification for this impairment. To simplify the approach to a complicated underwriting problem, he suggested the following, not altogether complete, classifications.

Very favorable—mild diabetes occurring in an overweight adult, onset age 40 and over. Usually unsuspected but discovered on a routine or life insurance examination. The diabetes is well controlled by diet and weight reduction alone and insulin is not required. Near average weight maintained for one or more years. No symptoms or unfavorable factors. Blood pressure definitely very favorable, blood sugar level within normal limits, or not over borderline normal limits at any time, no glycosuria, or no more than an occasional trace of sugar. Known duration less than five years. Intelligent and faithful care.

Favorable—Mild diabetes with onset after age 40, near average weight maintained. Well controlled by diet and small amounts of insulin. No symptoms or unfavorable factors. Blood pressure definitely within normal limits, and blood sugar level within the normal limits or not more than a slight increase over borderline normal limits, and blood sugar level within the normal limits or not more than a slight increase over borderline normal limits at any time. Only an occasional slight glycosuria. Known duration five to 10 years. Adequate medical supervision and intelligent and faithful care.

Moderately favorable—Diabetes with onset after age 15. Although there are exceptions, usually as the age at onset increases, insurability becomes more favorable. Some may qualify for the favorable class, depending on the degree of severity of any particular factor or combination of the following factors: Stable weight, weight not ratable, blood pressure borderline but definitely not ratable, requires only moderate amounts of insulin, blood sugar level only moderately high at any time, only occasional small to moderate amounts of glycosuria, no more than an occasional or accidental small trace of albuminuria, stabilized control, no history of coma, no serious or frequent "insulin reactions," no history of diabetic complications, no other ratable impairment, favorable occupation, intelligent and faithful care, good economic status and habits, known duration 10 to 15 years.

Unfavorable—This class includes those diabetics in which one or more unfavorable factors of significant degree of severity are present, but which may be insurable at much higher rates than those in the moderately favorable class.

Unfavorable factors—Uncontrolled diabetes, with or without insulin, ratable or underweight, unstable weight, large amounts of insulin required, evidence of cardiovascular impairment, blood pressure elevated to the degree of slight debit, and especially if ratable, high blood sugar level at any time, constant glycosuria in small to moderate amounts or occasional glycosuria in moderate to large amounts, albuminuria, history of coma, serious or frequent "insulin reactions," history of diabetic complications, not under adequate medical sueprvision, lack of intelligent or faithful care, family history of two or more CVR deaths under age 60, unfavorable occupation, habits undesirable, unsatisfactory economic status, any other impairment that requires rating, known duration over 15 years, childhood diabetes, acetone or diacetic acid present in urine.

In addition to committee reports, the first day included a panel discussion on competitive underwriting, moderated by Charles A. Will, Guardian Life. Participants were Dr. C. B. Ahlefeld, Business Men's Assurance; R. B. Caplinger, Southland Life; H. W. Cook Jr., Columbian National; F. G. Short, Franklin Life; H. E. Harding, North American Life; W. C. Kaltenback, Reserve Life; G. P. Osterday,, National Public Service, and W. T. Warren Jr., Southern L. & H. Roomhopping sessions that day were led by W. H. Bush, State Farm Life; W. H. Harrison, Security Mutual Life of New York, and Messrs. Will and Miles.

The second day's session was addressed by B. M. Anderson, vice-president and counsel of Connecticut General; J. J. Rockafellow, underwriting manager of Pacific Mutual, and R. C. Stratton, assistant superintendent engineering and loss control division of Travelers.

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Mr. Rockafellow observed that today there is an accelerated trend toward standard life insurance for civilian pilots, not yet supported by the statistics which still indicate some extra hazard for them as a group. "We should beware of over-liberalizing because there are always a few especially hazardous pilots who could afford to purchase inordinately large amounts," he said. "We might wish to give our best rating to some of the better pilots, but to do so may require limiting amounts and getting into refinements of classification and individual selection where the more intangible factors are important."

Nevertheless, Mr. Rockafellow said he has great confidence in the aviation industry, and that sooner or later "we will give full coverage without extra premium to all except the unusually hazardous flyers, those who might be called 'daredevils.'"

The industrial session consisted of a paper by Frank T. West, vice-president of Kentucky Central L. & A., and a case clinic moderated by D. E. Nickens, Lincoln Income Life. The panelists were Miss C. L. Childress, Liberty National; Mrs. Winnie DeMent, Union Life; W. T. Flanagan, Constitution Life; G. L. Knowles, Home Life; Richard McDonnell, Sun Life; Rex Metz, Liberty Life; J. M. Penrith, United, and J. B. Pinson, Family Fund Life.

Mr. West, who detailed the mechanics of handling industrial business, stressed that proper understanding and cooperation with the field force produces the necessary field underwriting. To the conservative agent and to the risk who needs and wants weekly premium policies, understanding and service is vital, he stated.

Participating in the ordinary case clinic were F. N. Bailey, Shenandoah Life; E. F. Brewer, Republic National; C. R. Ehlke, Aid Assn. for Lutherans; C. W. Huber, Bankers National; D. M. Ibbott, Southwestern Life; C. G. Johnson, Maccabees; William Leudtke, World; H. A. Munson, Guarantee Mutual; J. E. Reeder, Gulf Life; C. J. Rozea, North American Reassurance; F. T. Somers, Minnesota Mutual, and F. R. Thomas, North American Life of Chicago.

Hosts at an informal reception were Commonwealth Life, Independence L. & A., Kentucky Central L. & A., Kentucky Home Mutual, and Lincoln Income Life.

R. C. Johnson Heads Wis. Agency of Equitable, Iowa

R. C. Johnson

Equitable Life of Iowa has established a new agency at Madison, Wis., and has appointed Richard C. Johnson general agent.

Mr. Johnson has been with National Guardian Life for several years, in personal production and in a supervisory capacity in Madison and southern Wisconsin.

Actuarial Club to Meet

Middle Atlantic Actuarial club will hold its fall meeting and election of officers on Nov. 4 at the home office of Acacia Mutual Life in Washington, D. C.

The program will include a welcoming address by H. W. Kacy, president of Acacia; report on the Montreal meeting of Society of Actuaries by A. C. Eddy, Pilot Life; discussion of variable annuities by George E. Johnson, president of Variable Annuity Life, and Milton A. Ellis, Metropolitan Life; and informal discussion of mortality studies, applications of electronic equipment, pension plans, underwriting, office methods and procedures.

Beers to Be President of Aetna Life Companies

(CONTINUED FROM PAGE 1)

chairman of the Connecticut state employe's retirement commission. He is an alumnus trustee of Trinity College.

Mr. Brainard marked his 50th anniversary with Aetna Life earlier this year and next month will round out 33 years as president of the group. Under his tenure as president, Aetna Life has made great strides. Now the sixth largest company in the country in amount of insurance in force, Aetna Life today writes more insurance in a single year than the total amount of all it had on its books three decades ago.

Mr. Brainard, who is a grandson of the founder of Aetna Life, Eliphalet A. Bulkeley, is only the fourth man to serve as president of the company since it was founded in 1853.

Born in Hartford, Mr. Brainard was graduated from Yale university and after attending Yale law school received his LL.B. degree. In 1902 he was elected a director of the Aetna Life to fill the vacancy caused by the death of his father, Leverett Brainard, and in 1905 was appointed assistant treasurer of Aetna Life, marking the beginning of his long business association with his uncle, Gov. Morgan G. Bulkeley, whom he succeeded as president in 1922.

Mr. Brainard is a director of a number of local and nationally known business organizations. He is a former chairman of the board of the New York, New Haven & Hartford Railroad, and also has served as chairman of the board of the Connecticut Economic Council.

Step-by-Step Procedure Given for Sale Utilizing '54 Revenue Code's Advantages

(CONTINUED FROM PAGE 2)

could change this beneficial designation at any time during the insured's lifetime. Also, they could borrow the cash values from the company and in general exercise any incident of ownership in the contract.

Under these circumstances the assignment of ownership or the payment of premiums after assignment do not constitute a gift of a future interest.

As a practical matter it is most unlikely that any change of beneficiary from the trustees of the trust or any borrowing from the policies would occur unless instigated by the insured.

The child, guardian for the child, or wife, had little or nothing to do with the establishment of this plan and they are not called upon under present legislation at least to pay the premiums. So far as they are concerned, for all practical purposes the plan is one of their parent's creating for which they have no responsibility and the plan will probably continue without interference.

A child would be foolish indeed to interfere with the plans of a parent who could disinherit the child and which parent is probably already contributing, or prepared to contribute, substantially to the child's present and future welfare and happiness.

Now, regarding the cash values: The same reasoning holds here. The solution is entirely practical. If minor children are involved, the insured can borrow the cash values in the contracts if they are large enough to be a consideration before assigning the contracts.

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The future cash values will, of course, not be available until the children become of age, but this usually is not too long a period and is no objection.

When the children are of age, we again have our practical reasoning.

Would a child refuse to cooperate with a parent who has an estate and from whom the child is probably receiving some financial help by borrowing cash values in policies assigned to him under a plan such as ours and loaning or giving the money to the parent? The answer has been "no," from every parent we have talked with so far.

Another question arises. Will the payment of premiums by the insured on policies which have been transferred to another owner constitute gifts in contemplation of death?

Oliver J. Neibel, attorney of Kansas City, Mo., and former instructor at Kansas City school of law, writing in the *University of Kansas City Law Review* on the effective use of life insurance under the 1954 revenue code has this to say regarding gifts of life insurance and the contemplation of death rule of law:

"If one is contemplating giving away anything, including life insurance, in an effort to remove it from his taxable estate, it is wise for the attorney who is handling the transaction to build a case ahead of time, that is, before the gift is made. Some motive for the gift other than to save death taxes should be developed, and the foundation for the proof of such motive should be laid. There are many motives for making gifts that are not associated with death. For example, one might be interested in protecting his beneficiaries from his own creditors in the event he became financially involved." Different states have different legislation on this point, but certainly if the insurance is out of the insured's estate it will be beyond the reach of his creditors. ". . . or he might desire to give his beneficiaries some immediate benefits instead of making them wait until after his death." Another motive associated with life insurance would be to make gifts of insurance, thus assuring the protection of one's family which would then permit insured to spend more freely during the remainder of his life with full knowledge that his beneficiaries would be protected by insurance. "I have found that it is not difficult to beat the condition that a gift is made in contemplation of death if any thought is given to the question prior to the gift. The government loses about 85% of contemplation of death cases."

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Another motive associated with the life of the insured rather than his death might be considered. An insured might also wish to transfer an asset such as life insurance to his children because of all investments the cash values in the life insurance are least likely to be borrowed and spent, and the insured could be reasonably secure during his lifetime in the knowledge that these assets would be available to the children in case of emergency.

It would then be incidental that we have a plan under which:

1. At death the government takes no part of the insurance proceeds.

2. The government pays a good percentage of the insurance proceeds because: Had the premium money remained in insured's estate instead of being paid out as premiums under this plan, the government would have taken, depending upon the estate tax brackets reached by the estate, 25, 30, 35 or more percent of the money.

Aren't those wonderful sales arguments?

Let me repeat: Instead of the usual situation where the government pays no part of the premium cost and takes a percentage, sometimes a substantial percentage, of the insurance proceeds at death, we have devised a plan in conformity with the 1954 revenue code under which (a) the government in effect pays a part of the premium cost because premiums paid are out of insured's estate at death, and (b) the government takes no part of the insurance proceeds at death which enter the trust we have created free from estate taxes, not being taxable as part of insured's estate.

These plans are not complicated, particularly if you work with the client's attorney and trust officer, both of whom will be quite willing to cooperate with you, as legal work and new trusts are involved. And remember—it is possible to sell millions of life insurance under the 1954 revenue code:

1. You have the entree to anyone.

2. A prospect's present insurance can be made tax free.

3. Any change in the law may not be retroactive.

4. The insurance proceeds can be controlled after insured's death.

5. The proceeds can be protected from spendthrift habits of children.

6. The proceeds will be available for estate and inheritance tax purposes.

7. Full annual gift tax exemptions will be available when premiums are paid.

8. New life insurance can be provided with all of these advantages, none of which will be taken by the government, and all of which will be available for the protection of insured's estate and family.

9. I repeat, in effect the government, through estate tax savings on premium payments which are out of the insured's estate at the time of his death, pays a worthwhile part of the future premium cost of the insurance.

How can you miss?

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As a means of informing clients of the practical and tax problems incident to the changes made by the 1954 revenue code in relation to taxability of life insurance, Mr. Davies sent out letters soon after the code's enactment outlining the practical and tax problems involved, explaining that it would be impossible for him to contact all clients at once but inviting a call in case changes appeared desirable, so that an appointment could be arranged with the client's attorney. To make certain that agents "who were still viewing the 1954 revenue code through rose-colored glasses would come down to earth," the letter was published in the *Los Angeles Life Underwriters News*. Here is the text of it:

"Since the passage of the 1954 federal revenue code you have probably heard a great deal about the new provisions of the code governing the taxability of life insurance and estates.

"If any changes are desirable in the life insurance and estate plans of our clients, their wives and children, a joint meeting with the attorney should be arranged since any such changes must conform with the laws as outlined in this new legislation.

"The following is a general summary for your consideration.

"Life insurance which a client now owns on his own life can be made tax-free even if he continues to pay the premiums on this insurance, provided he absolutely assigns the ownership and all rights under the life insurance contracts in such a manner that these rights cannot revert to him. If there is better than a 5% chance that these policy rights can come back to the insured, the insurance will still be included in his estate for tax purposes.

"You, therefore, will want to consider:

"1. Whether or not such policies of life insurance now owned by you on your own life should be assigned to your wife to be made tax-free. The following considerations are important:

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"She might die during your lifetime. You could not then get back any of the cash values in the life insurance. These would have to go on to your children or to someone other than you under the terms of the assignment.

"Premium payments made after her death and one-half of the payments during her lifetime would be gifts by you of money you cannot recover as cash values in the future.

"When you die you cannot control the distribution of the insurance proceeds. Children, if your wife predeceases you, might receive substantial cash proceeds from the insurance. Such a result could be good or bad depending upon family personalities.

"The proceeds, although free of tax at your death, would be taxable at your wife's death if she survives you, unless she spent or gave away the money during her lifetime.

"Only half of the life insurance payable to your wife is taxable if your wife survives you.

"2. You will want to consider whether or not these policies owned by you on your life should be assigned to your children. Again the following is important:

"You and your wife will be deprived now and in later years of any benefits which the cash values under these contracts might be to you.

"A gift tax return on the total amount of the cash values, or so-called terminal reserves, will have to be made under which gift tax exemptions apply.

"Future premium payments will be subject to gift tax regulations.

"The children will own and control the policies and cash values.

"Upon your death your children and not your wife will receive the insurance proceeds. This procedure, in other words, merely accelerates the results outlined under 1 above to your wife's disadvantage if she survives you.

"3. You might assign your policies to a trust for the benefit of your wife and children. However, you will be making a gift of the premiums each year thereafter without benefit of annual exemptions if your wife and children are to be protected under the terms of the trust. The future gift taxes on these premiums could be an important consideration. These gift exemptions could apply if the children could take the cash values, or in the event of your death the insurance proceeds, out of the trust at any time they desired.

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"This, however, would eliminate the practical value of the trust, giving your children virtual possession of substantial sums of money, should your wife predecease you, which might or might not be wise depending upon personalities and bringing up again the considerations under 2 above.

"There are, of course, definite advantages to be gained through tax-free life insurance for your estate or your wife's estate, provided the foregoing practical considerations are not important. These considerations apply to new insurance which you might want to purchase as well as the life insurance which you or your wife presently own on your own lives.

"It is not possible for us to contact all of our clients at once and each client will find his own time to consider these matters.

"We would appreciate it, therefore, if you will call us and if it appears desirable to make any changes in your insurance program a meeting can then be arranged with your attorney."

W. T. Johns to Retire From Mutual of N. Y.

Willard T. Johns, secretary and treasurer of Mutual of New York and dean of senior officers with 47 years' service, will retire under early retirement provisions of the company's security plan for employes.

Willard T. Johns

Mr. Johns joined Mutual as a 17-year-old clerk at Scranton in 1909. Within seven years, he was advanced to assistant superintendent of the restoration bureau in the sales department at the home office. When this unit became the policyholders' service bureau in 1928, he was named manager. He was elected secretary in 1939 and secretary and treasurer in 1949. He is a graduate of Wharton school.

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